

FUND EVALUATION REPORT

San Jose Federated City Employees Retirement System

Quarterly Review
June 30, 2010



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M E K E T A I N V E S T M E N T G R O U P

100 LOWDER BROOK DRIVE SUITE 1100
WESTWOOD MA 02090
781 471 3500 FAX 781 471 3411

www.meketagroup.com

5796 ARMADA DRIVE SUITE 110
CARLSBAD CA 92008
760 795 3450 FAX 760 795 3445

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Executive Summary

As of June 30, 2010

Risk aversion and volatility returned to the markets during the second quarter due in part to concerns over sovereign debt issues in the eurozone and the strength of the global economic recovery.

- In an effort to stabilize the markets and alleviate concerns of a European sovereign debt crisis, the European Union, European Central Bank, and the International Monetary Fund announced a \$1 trillion bailout package.
- On May 6, 2010, the U.S. markets experienced a “flash crash” that caused the Dow Jones Industrial Average to drop more than 700 points in less than fifteen minutes, only to recover most of the losses by the end of the day.
- The U.S. dollar strengthened over 8% versus the Euro during the second quarter as investors sought relative safety due to heightening concerns over the fiscal health of several European nations.
- The U.S. job market showed modest improvement during the quarter, as the unemployment rate declined 20 basis points to 9.5%.

After four consecutive quarters of positive returns, stocks across the globe posted double digit losses.

- For the third consecutive quarter, U.S. equities outperformed international equities due in part to continued sovereign debt concerns in Europe. The domestic equity market, as proxied by the Russell 3000 Index, returned -11.3%, while the international equity market, as proxied by the MSCI EAFE Index, returned -14.0%.
- Small cap stocks outpaced large cap stocks both domestically and abroad.
- Emerging markets declined as well (-8.4%), but outpaced both developed international and domestic equity markets in the second quarter.

Government bonds outpaced spread sectors due in part to concerns over the health of the global economic recovery.

- As risk aversion returned, Treasuries were the strongest performing fixed income asset class, up 4.7%.
- The Barclays Aggregate index rose by 3.5% during the quarter, driven by returns in Treasuries and agency bonds.
- High yield corporate bonds declined (-0.1%) for the first time since the fourth quarter of 2008.

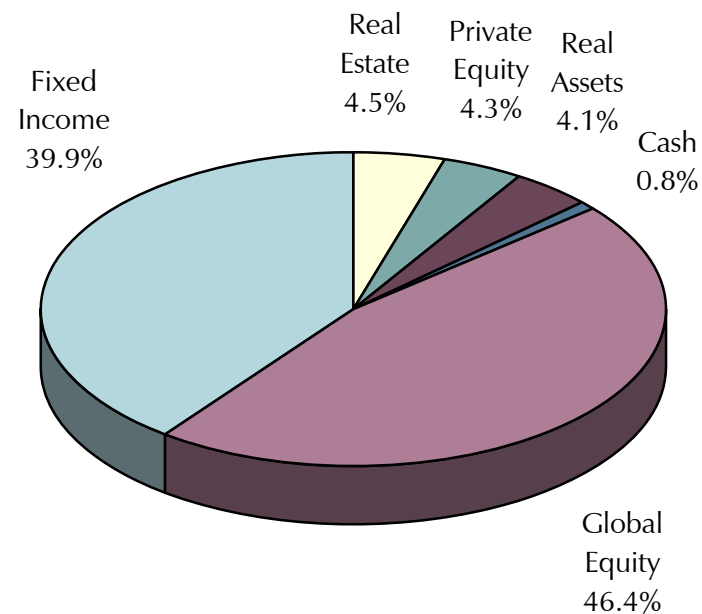
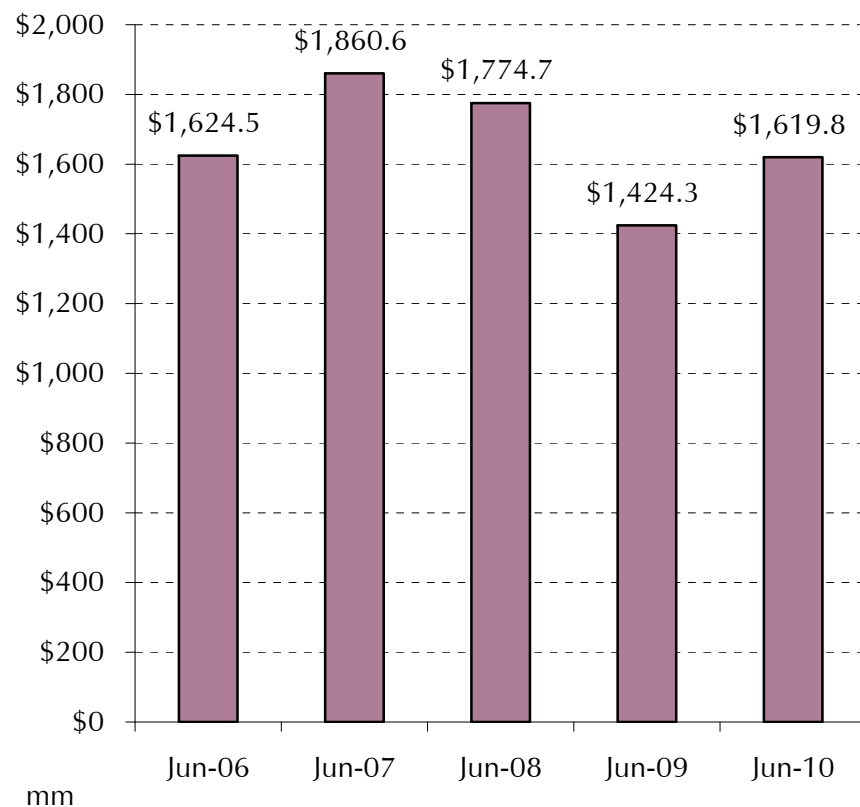
The value of the San Jose Federated City Employees Retirement System assets was \$1.620 billion on June 30, 2010, down \$93.4 million since the end of the first quarter.

- During the first quarter, the Board of Trustees adopted a new asset allocation in response to the results of an asset-liability study, and in order to position the Plan to better weather future market downturns.
- The transition to the new asset allocation began at the end of the first quarter. This evaluation reflects the new asset classes and asset allocation targets. The updated policy benchmark will be included in future reporting, after a larger percentage of the transitioned assets have been invested with new managers.
- During the second quarter, the Retirement System's recent decision to house many of the assets reserved for future alternative asset investments in high quality fixed income boosted the System's performance. The Retirement System returned -3.4% net of fees during the quarter, outperforming the custom policy benchmark (which reflects the prior asset allocation) by 230 basis points. The second quarter return brings the trailing one-year return to 15.4% net of fees, 370 basis points higher than the one-year return of the custom policy benchmark. Within the State Street Bank Master Trust Universe of over 800 Funds, the Retirement System fell well above the median for the trailing one-year period. The Retirement System's returns rank above the median return for all trailing time periods, and rank in the top quartile for the trailing one- and ten-year periods.
- The global equity asset class, in which 46% of Retirement System assets are invested, outpaced the MSCI All Country World Index benchmark since May 1, when post-transition performance reporting began. The private equity asset and real estate asset classes outperformed their respective benchmarks during the second quarter, while the fixed income asset class lagged its benchmark somewhat.

These manager highlights focus on the active investment managers that were retained after the transition.

- During the second quarter, Eagle Small Cap Growth returned -5.9% net of fees, compared to -9.2% for the Russell 2000 Growth benchmark. This return places Eagle within the top decile of the small cap growth manager universe. The primary contributor to Eagle's outperformance was strong stock selection within the healthcare and energy sectors.
- Quarterly performance for the Calamos Global Convertibles strategy was -4.4% net of fees, versus -4.8% for the Merrill Lynch Global 300 Convertible Index. Calamos' focus on high quality convertible securities allowed them to protect the portfolio somewhat in the down market for convertibles during the quarter.

Plan Summary
As of June 30, 2010



San Jose Federated City Employees' Retirement System

Aggregate Assets Asset Summary as of 6/30/10

	Market Value 6/30/10 (\$ mm)	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/10 (\$ mm)
Total Fund Aggregate	1,619.8	100	NA	NA	1,713.2
Global Equity Assets	750.9	46	49	43-55	967.0
Fixed Income Assets ¹	646.1	40	20	15-25	606.2
Alternative Assets	209.5	13	31	26-36	135.3
Real Assets	66.7	4	10	0-15	0.0
Private Equity Assets	70.3	4	6	0-9	66.0
Real Estate Assets	72.5	4	5	0-8	69.3
Opportunistic Assets	0.0	0	5	0-8	0.0
Hedge Funds Assets	0.0	0	5	0-8	0.0
Cash	13.2	< 1	0	0-5	4.8

¹ Fixed Income Assets include funds reserved for future investments in alternative assets.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/10

	Market Value 6/30/10 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/10 (\$ mm)
Total Fund Aggregate	1,619.8	NA	100	NA	NA	1,713.2
Global Equity Assets	750.9	100	46	49	43-55	967.0
Northern Trust MSCI ACWI Index ¹	213.8	28	13			0.0
MSCI All Country World Value	130.9	17	8			0.0
Northern Trust Russell 3000 Index	103.9	14	6			345.1
Northern Trust MSCI Emerging Markets Index	75.3	10	5			0.0
MSCI EAFE Small Cap	74.7	10	5			0.0
Eagle Small-Cap Growth	52.9	7	3			56.1
Calamos Global Convertibles	51.3	7	3			53.6
MSCI EAFE Growth	47.0	6	3			0.0
Terminated Equity Managers	0.9	<1	<1			512.2

¹ Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/10

	Market Value 6/30/10 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/10 (\$ mm)
Fixed Income Assets¹	646.1	100	40	20	15-25	606.2
Barclays Intermediate Government Bond	267.1	41	17			0.0
Baclays U.S. TIPS	259.0	40	16			0.0
MacKay Shields High Yield Active Core	54.9	9	3			58.1
Seix Credit Dislocation Strategy	42.4	7	3			47.9
Northern Trust Credit Bond Index	20.2	3	1			0.0
Terminated Fixed Income Managers	2.4	1	<1			500.2
Real Assets	66.7	100	4	10	0-15	0.0
S&P Global Infrastructure Swap	34.2	51	2			0.0
Dow Jones-UBS Commodities Swap	32.5	49	2			0.0
Private Equity Assets	70.3	100	4	6	0-9	66.0
Pathway Private Equity Fund VIII	26.5	38	2			25.0
Pantheon Global Secondary Fund III	25.0	36	2			25.7
Pantheon USA Fund VII	14.2	20	< 1			11.9
Partners Group Secondary 2008	3.7	5	< 1			2.9
Great Hill Equity Partners IV	1.0	1	< 1			0.5

¹ Fixed Income Assets include funds reserved for future investments in alternative assets.



San Jose Federated City Employees' Retirement System

Aggregate Assets Portfolio Roster as of 6/30/10

	Market Value 6/30/10 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 3/31/10 (\$ mm)
Real Estate Assets	72.5	100	4	5	0-8	69.3
PRISA I	22.0	30	1			20.4
DRA Growth & Income Fund V	14.6	20	< 1			14.7
American Core Realty Fund, LLC	14.2	20	< 1			13.8
MIG Realty- Milpitas Warehouse	8.7	12	< 1			8.7
DRA Growth & Income Fund VI	5.9	8	< 1			5.9
GEAM Value Add Realty Partners, L.P.	4.7	7	< 1			4.4
Fidelity Real Estate Growth Fund III, L.P.	2.3	3	< 1			1.2
Cash	13.2	100	< 1	0	0-5	4.8
Internal Cash Account	13.2	100	< 1			4.8



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/10

	2Q10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date ¹	Since Inception (%)
Total Fund Aggregate	-3.3	0.0	15.9	-2.2	3.7	4.8	1/1/94	7.4
Net of Fees	-3.4	-0.2	15.4	-2.5	3.3	4.5		7.2
<i>CPI (inflation)</i>	0.2	0.9	1.1	1.5	2.3	2.4		2.5
<i>San Jose FCERS Policy Benchmark²</i>	-5.7	-2.4	11.7	-2.8	3.0	3.6		7.0
<i>Master Trust (Median)</i>	-4.4	NA	13.1	-3.1	3.0	3.5		NA
Global Equity	NA	NA	NA	NA	NA	NA	5/1/10	-10.8
<i>MSCI ACWI</i>	-12.1	-9.4	11.8	-10.5	1.2	-0.3		-12.3
Fixed Income	2.5	4.7	14.1	8.1	6.2	7.0	1/1/94	6.5
<i>Barclays Universal</i>	3.1	5.2	10.6	7.2	5.6	6.6		6.4
Real Assets	NA	NA	NA	NA	NA	NA	5/1/10	-9.1
<i>S&P Global Infrastructure Index</i>	-11.9	-13.1	6.6	NA	NA	NA		-11.4
<i>Dow Jones - UBS Commodities Index</i>	-4.8	-9.7	2.6	-9.5	-3.5	3.3		-6.6
Private Equity	2.8	2.4	9.1	-1.8	NA	NA	1/1/06	-1.1
<i>S&P 500 +3%</i>	-10.7	-5.2	17.4	-6.8	2.2	1.4		0.9
Real Estate	3.7	3.2	-10.7	-9.2	1.1	8.1	1/1/94	8.5
<i>NCREIF Property</i>	3.3	4.1	-1.5	-4.7	3.8	7.2		8.6

¹ Inception Date on all pages indicates that performance data is available after the date noted.

² The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property. It will be updated after June 30.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/10

	2Q10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date ¹	Since Inception (%)
Total Fund Aggregate	-3.3	0.0	15.9	-2.2	3.7	4.8	1/1/94	7.4
Net of Fees	-3.4	-0.2	15.4	-2.5	3.3	4.5		7.2
<i>CPI (inflation)</i>	<i>0.2</i>	<i>0.9</i>	<i>1.1</i>	<i>1.5</i>	<i>2.3</i>	<i>2.4</i>		<i>2.5</i>
<i>San Jose FCERS Policy Benchmark²</i>	<i>-5.7</i>	<i>-2.4</i>	<i>11.7</i>	<i>-2.8</i>	<i>3.0</i>	<i>3.6</i>		<i>7.0</i>
<i>Master Trust (Median)</i>	<i>-4.4</i>	<i>NA</i>	<i>13.1</i>	<i>-3.1</i>	<i>3.0</i>	<i>3.5</i>		<i>NA</i>
Global Equity	NA	NA	NA	NA	NA	NA	5/1/10	-10.8
Northern Trust MSCI ACWI Index ³	NA	NA	NA	NA	NA	NA	6/1/10	-3.1
<i>MSCI ACWI</i>	<i>-12.1</i>	<i>-9.4</i>	<i>11.8</i>	<i>-10.5</i>	<i>1.2</i>	<i>-0.3</i>		<i>-3.0</i>
MSCI All Country World Value	NA	NA	NA	NA	NA	NA	6/1/10	-3.3
Net of Fees	NA	NA	NA	NA	NA	NA		-3.3
<i>MSCI ACWI Value</i>	<i>-12.5</i>	<i>-9.7</i>	<i>11.4</i>	<i>-12.1</i>	<i>0.6</i>	<i>NA</i>		<i>-3.3</i>
Northern Trust Russell 3000 Index	-11.3	-5.9	16.3	-9.3	-0.3	-0.8	9/1/99	0.5
<i>Russell 3000</i>	<i>-11.3</i>	<i>-6.0</i>	<i>15.7</i>	<i>-9.5</i>	<i>-0.5</i>	<i>-0.9</i>		<i>0.4</i>
Northern Trust MSCI Emerging Markets Index	NA	NA	NA	NA	NA	NA	6/1/10	-0.8
<i>MSCI Emerging Markets</i>	<i>-9.3</i>	<i>-7.1</i>	<i>23.2</i>	<i>-2.5</i>	<i>12.7</i>	<i>10.0</i>		<i>-0.7</i>

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² The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property. It will be updated after June 30.

³ Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.



San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/10

	2Q10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date ¹	Since Inception (%)
Global Equity (continued)								
MSCI EAFE Small Cap	NA	NA	NA	NA	NA	NA	6/1/10	-1.2
Net of Fees	NA	NA	NA	NA	NA	NA		-1.2
<i>MSCI EAFE Small Cap</i>	-11.3	-7.1	12.3	-13.1	1.1	5.0		-0.4
Eagle Small-Cap Growth	-5.7	1.5	28.5	-4.1	5.6	5.7	6/1/98	4.9
Net of Fees	-5.9	1.2	27.7	-4.7	4.9	5.0		4.2
<i>Russell 2000 Growth</i>	-9.2	-2.3	18.0	-7.5	1.1	-1.7		1.4
<i>Peer Small Cap Growth</i>	-8.7	-1.9	20.6	-7.8	1.5	1.2		5.4
<i>Peer Ranking (percentile)</i>	4	8	3	17	10	17		65
Calamos Global Convertibles	-4.2	-1.6	NA	NA	NA	NA	11/1/09	3.1
Net of Fees	-4.4	-1.8	NA	NA	NA	NA		2.7
<i>Merrill Lynch Global 300 Convertible Index</i>	-4.8	-1.1	15.5	-2.0	4.3	NA		4.1
MSCI EAFE Growth	NA	NA	NA	NA	NA	NA	6/1/10	-0.2
Net of Fees	NA	NA	NA	NA	NA	NA		-0.2
<i>MSCI EAFE Growth</i>	-12.4	-10.7	8.6	-11.7	1.7	-1.6		-0.1
Fixed Income								
Barclays Intermediate Government Bond	NA	NA	NA	NA	NA	NA	6/1/10	1.3
Net of Fees	NA	NA	NA	NA	NA	NA		1.3
<i>Barclays IT Gov't</i>	3.3	4.4	5.7	7.1	5.3	5.7		1.3

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San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/10

	2Q10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date ¹	Since Inception (%)
Fixed Income (continued)								
Baclsays U.S. TIPS	NA	NA	NA	NA	NA	NA	6/1/10	1.5
Net of Fees	NA	NA	NA	NA	NA	NA		1.5
<i>Barclays U.S. TIPS</i>	3.8	4.4	9.5	7.6	5.0	7.5		1.4
MacKay Shields High Yield Active Core	0.1	4.0	22.8	NA	NA	NA	5/1/09	21.2
Net of Fees	0.0	3.8	22.3	NA	NA	NA		20.8
<i>Barclays High Yield</i>	-0.1	4.5	26.8	6.5	7.2	7.3		32.8
<i>Barclays High Yield BB/B</i>	0.2	4.3	21.0	5.6	6.2	6.7		25.1
<i>Peer High Yield</i>	0.0	4.1	23.9	5.4	6.8	6.9		29.1
<i>Peer Ranking (percentile)</i>	37	52	61	NA	NA	NA		86
Seix Credit Dislocation Strategy	-1.5	1.9	8.8	NA	NA	NA	5/1/09	10.1
Net of Fees	-1.5	1.7	8.4	NA	NA	NA		9.7
<i>CSFB Leveraged Loan Index</i>	-1.0	3.3	17.7	1.6	3.7	4.4		24.6
Northern Trust Credit Bond Index	NA	NA	NA	NA	NA	NA	5/1/10	3.2
<i>Barclays Credit</i>	3.3	5.6	14.7	7.4	5.3	6.9		1.6
Real Assets	NA	NA	NA	NA	NA	NA	5/1/10	-9.1
Dow Jones-UBS Commodities	NA	NA	NA	NA	NA	NA	5/1/10	-6.7
<i>Dow Jones - UBS Commodities Index</i>	-4.8	-9.7	2.6	-9.5	-3.5	3.3		-6.6

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San Jose Federated City Employees' Retirement System

Aggregate Assets Performance as of 6/30/10

	2Q10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date ¹	Since Inception (%)
Real Assets (continued)								
S&P Global Infrastructure	NA	NA	NA	NA	NA	NA	5/1/10	-11.5
<i>S&P Global Infrastructure Index</i>	-11.9	-13.1	6.6	NA	NA	NA		-11.4
Private Equity	2.8	2.4	9.1	-1.8	NA	NA	1/1/06	-1.1
<i>S&P 500 + 3%</i>	-10.7	-5.2	17.4	-6.8	2.2	1.4		0.9
Real Estate	3.7	3.2	-10.7	-9.2	1.1	8.1	1/1/94	8.5
PRISA I	7.9	7.3	-3.7	-13.2	-1.3	NA	7/1/04	1.6
Net of Fees	7.6	7.0	-4.3	-13.9	-2.1	NA		0.7
<i>NCREIF Property</i>	3.3	4.1	-1.5	-4.7	3.8	7.2		6.0
American Core Realty Fund, LLC	3.3	2.6	-11.2	-9.9	NA	NA	1/1/07	-6.3
Net of Fees	3.0	2.1	-12.1	-10.8	NA	NA		-7.2
<i>NCREIF Property</i>	3.3	4.1	-1.5	-4.7	3.8	7.2		-1.8
MIG Realty- Milpitas Warehouse	0.5	1.5	-14.9	-0.4	2.7	6.4	12/1/94	9.7
Net of Fees	0.4	1.3	-15.1	-0.7	2.3	5.7		8.9
<i>NCREIF Property</i>	3.3	4.1	-1.5	-4.7	3.8	7.2		8.9
GEAM Value Add Realty Partners, L.P.	7.5	3.5	-32.8	-20.5	NA	NA	8/1/06	-14.5
<i>NCREIF Property</i>	3.3	4.1	-1.5	-4.7	3.8	7.2		0.4

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San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)
Total Fund Aggregate	20.4	-23.8	8.8	13.0	6.7	11.4	24.4	-3.9	-1.0	3.0
Net of Fees	20.0	-24.0	8.5	12.7	6.4	11.1	24.0	-4.2	-1.3	2.7
<i>CPI (inflation)</i>	2.7	0.1	4.1	2.5	3.4	3.3	1.9	2.4	1.6	3.4
<i>San Jose FCERS Policy Benchmark¹</i>	19.0	-22.8	8.2	13.5	6.7	10.8	20.6	-5.9	-2.5	0.9
<i>Master Trust (Median)</i>	19.4	-24.2	7.9	NA	NA	NA	NA	NA	NA	NA
Global Equity	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI</i>	34.6	-42.2	11.7	21.0	10.8	15.2	34.0	-19.3	-16.2	-14.2
Fixed Income	15.8	-1.3	6.7	5.8	0.8	6.3	9.0	10.5	6.5	9.1
<i>Barclays Universal</i>	8.6	2.4	6.5	5.0	2.7	5.0	5.8	9.8	8.1	10.8
Real Assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global Infrastructure Index</i>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones - UBS Commodities Index</i>	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9	25.9	-19.5	31.8
Private Equity	-13.4	-4.0	15.5	-3.5	NA	NA	NA	NA	NA	NA
<i>S&P 500 + 3%</i>	29.5	-34.0	8.5	18.8	7.9	13.9	31.7	-19.1	-8.9	-6.1
Real Estate	-29.4	-5.4	23.4	13.2	22.9	10.3	28.7	10.7	7.5	13.9
<i>NCREIF Property</i>	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2

¹ The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property. It will be updated after June 30.



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Aggregate Assets Calendar Year Performance

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)
Total Fund Aggregate	20.4	-23.8	8.8	13.0	6.7	11.4	24.4	-3.9	-1.0	3.0
Net of Fees	20.0	-24.0	8.5	12.7	6.4	11.1	24.0	-4.2	-1.3	2.7
<i>CPI (inflation)</i>	2.7	0.1	4.1	2.5	3.4	3.3	1.9	2.4	1.6	3.4
<i>San Jose FCERS Policy Benchmark¹</i>	19.0	-22.8	8.2	13.5	6.7	10.8	20.6	-5.9	-2.5	0.9
<i>Master Trust (Median)</i>	19.4	-24.2	7.9	NA	NA	NA	NA	NA	NA	NA
Global Equity										
Northern Trust MSCI ACWI Index ²	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI</i>	34.6	-42.2	11.7	21.0	10.8	15.2	34.0	-19.3	-16.2	-14.2
MSCI All Country World Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	31.7	-41.5	6.7	25.6	10.8	19.1	39.0	-19.3	-14.3	NA
Northern Trust Russell 3000 Index	28.9	-37.3	5.3	15.8	6.2	12.0	31.2	-21.4	-11.3	-7.4
<i>Russell 3000</i>	28.3	-37.3	5.1	15.7	6.1	11.9	31.1	-21.5	-11.5	-7.5
Northern Trust MSCI Emerging Markets Index-NL	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	78.5	-53.3	39.4	32.2	34.0	25.6	55.8	-6.2	-2.6	-30.8
MSCI EAFE Small Cap	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	46.8	-47.0	1.4	19.3	26.2	30.8	61.3	-7.8	-12.5	-7.2

¹ The policy index consists of 34% Russell 1000/ 9% Russell 2000/ 29% Barclays Aggregate/ 7% S&P Citigroup WGBI/ 15% MSCI ACWI-ex US/ 6% NCREIF Property. It will be updated after June 30.

² Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)
Global Equity (continued)										
Eagle Small-Cap Growth	40.3	-35.8	12.7	21.4	4.2	20.8	44.7	-22.5	14.5	-9.4
Net of Fees	39.5	-36.1	12.0	20.7	3.6	20.0	43.8	-23.0	13.7	-9.9
<i>Russell 2000 Growth</i>	34.5	-38.5	7.0	13.3	4.2	14.3	48.5	-30.3	-9.2	-22.4
Calamos Global Convertibles	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Merrill Lynch Global 300 Convertible Index</i>	36.3	-29.3	6.5	12.8	6.0	NA	NA	NA	NA	NA
MSCI EAFE Growth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Growth</i>	29.4	-42.7	16.5	22.3	13.3	16.1	32.0	-16.0	-24.6	-24.5
Fixed Income	15.8	-1.3	6.7	5.8	0.8	6.3	9.0	10.5	6.5	9.1
Barclays Intermediate Government Bond	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays IT Gov't</i>	-0.3	10.4	8.5	3.8	1.7	2.3	2.3	9.6	8.4	10.5
Baclays U.S. TIPS	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS</i>	11.4	-2.4	11.6	0.4	2.8	8.5	8.4	16.6	8.2	14.3



San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)
Fixed Income (continued)										
Mackay Shields High Yield Active Core	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	58.2	-26.2	1.9	11.8	2.7	11.1	29.0	-1.4	5.3	-5.9
<i>Barclays High Yield BB/B</i>	45.4	-22.5	2.5	10.7	3.2	10.0	23.3	-0.5	6.8	-4.3
Seix Credit Dislocation Strategy	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan Index</i>	44.9	-28.8	1.9	7.2	5.7	5.6	11.0	1.1	2.6	4.9
Northern Trust Credit Bond Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Credit</i>	16.0	-3.1	5.1	4.3	2.0	5.2	7.7	10.5	10.4	9.4
Real Assets										
Dow Jones-UBS Commodities Swap	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&P Global Infrastructure Index</i>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
S&P Global Infrastructure Swap	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Dow Jones - UBS Commodities Index</i>	18.7	-36.6	11.1	-2.7	21.4	9.1	23.9	25.9	-19.5	31.8
Private Equity	-13.4	-4.0	15.5	-3.5	NA	NA	NA	NA	NA	NA
<i>S&P 500 +3%</i>	29.5	-34.0	8.5	18.8	7.9	13.9	31.7	-19.1	-8.9	-6.1



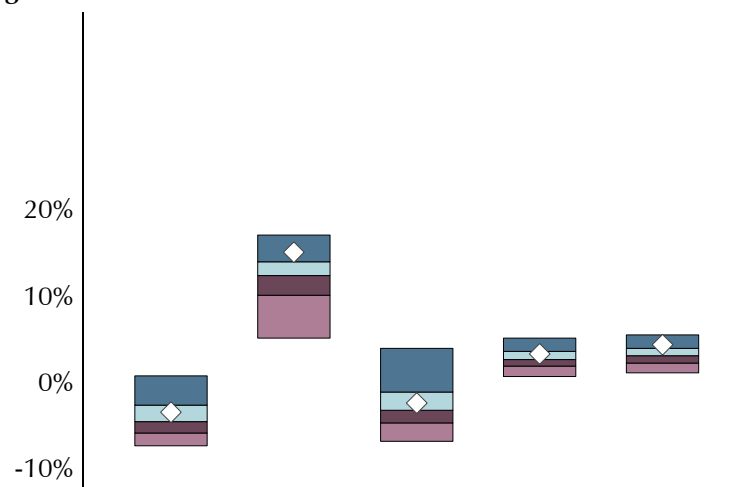
San Jose Federated City Employees' Retirement System

Aggregate Assets Calendar Year Performance

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)	2003 (%)	2002 (%)	2001 (%)	2000 (%)
Real Estate	-29.4	-5.4	23.4	13.2	22.9	10.3	28.7	10.7	7.5	13.9
PRISA I	-34.2	-13.0	17.5	16.2	23.3	NA	NA	NA	NA	NA
Net of Fees	-34.7	-13.7	16.5	14.8	22.3	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2
American Core Realty Fund, LLC	-30.0	-5.3	17.2	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-30.7	-6.2	16.2	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2
MIG Realty- Milpitas Warehouse	-15.1	-10.0	32.4	18.5	-0.5	-6.4	8.4	11.2	6.3	32.9
Net of Fees	-15.3	-10.2	31.7	17.7	-1.4	-7.1	7.5	10.1	5.5	32.0
<i>NCREIF Property</i>	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2
GEAM Value Add Realty Partners, L.P.	-38.5	-22.0	-5.7	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	-16.9	-6.5	15.8	16.6	20.1	14.5	9.0	6.7	7.3	12.2



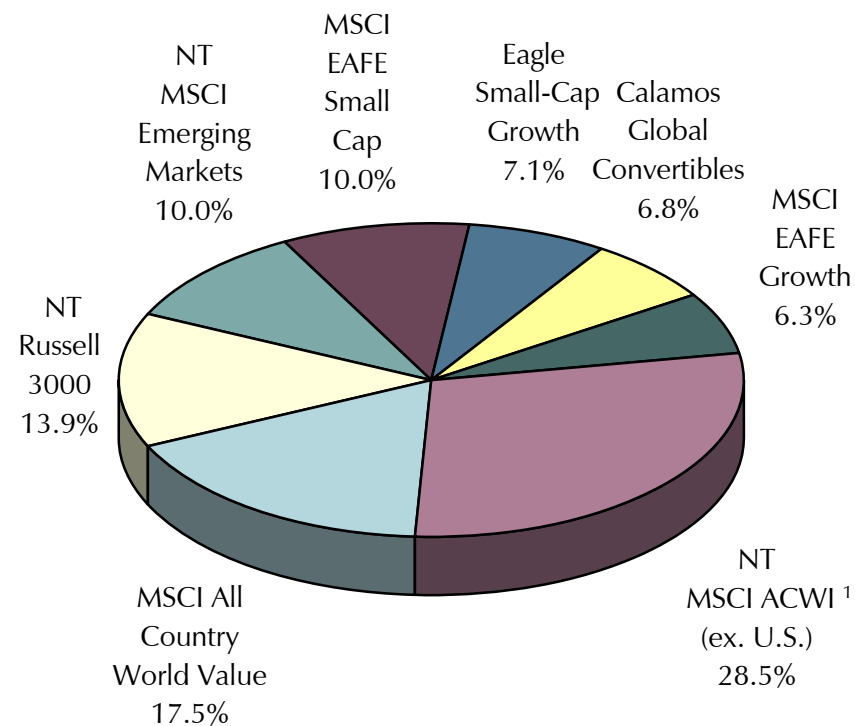
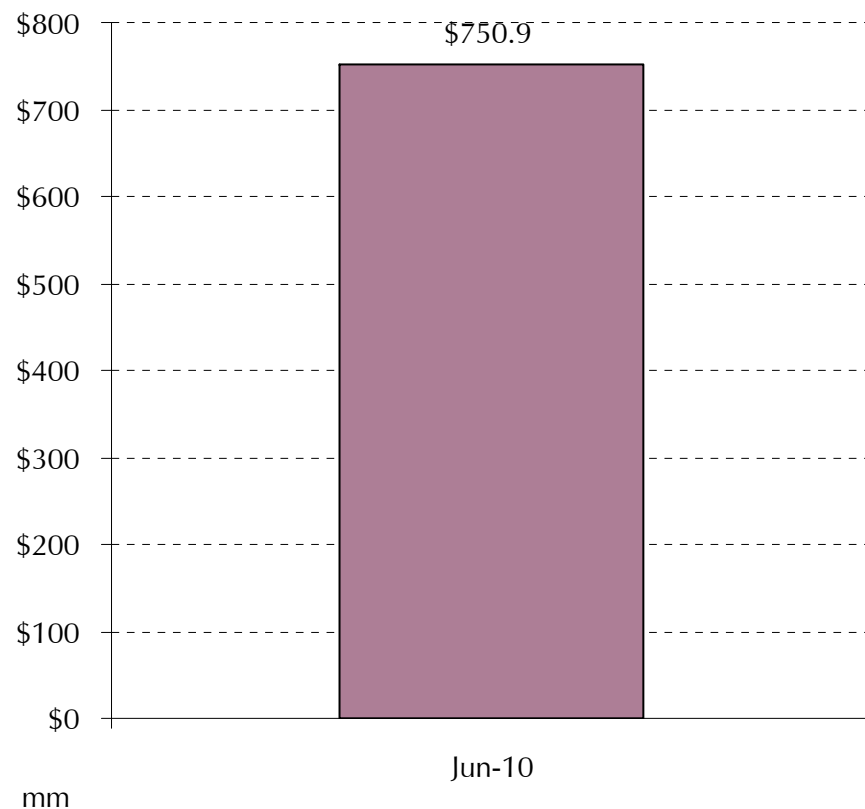
Total Fund Aggregate vs. Master Trust Universe



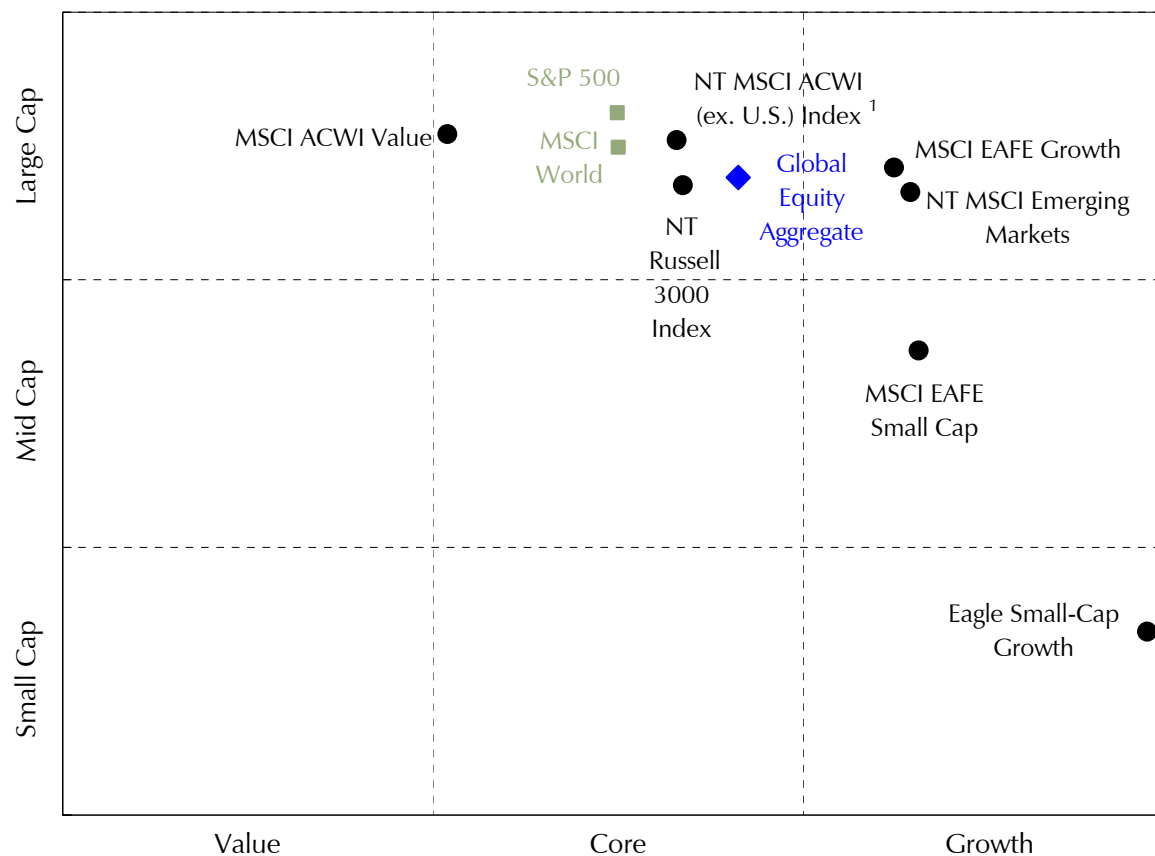
	2Q10 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Total Fund Aggregate	-3.3	15.9	-2.2	3.7	4.8
25th percentile	-2.5	14.8	-0.9	4.0	4.4
Median	-4.4	13.1	-3.1	3.0	3.5
75 Percentile	-5.8	7.7	-8.0	-1.2	-0.9

Plan Detail

Global Equity Assets As of June 30, 2010



¹ Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.



¹ Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.

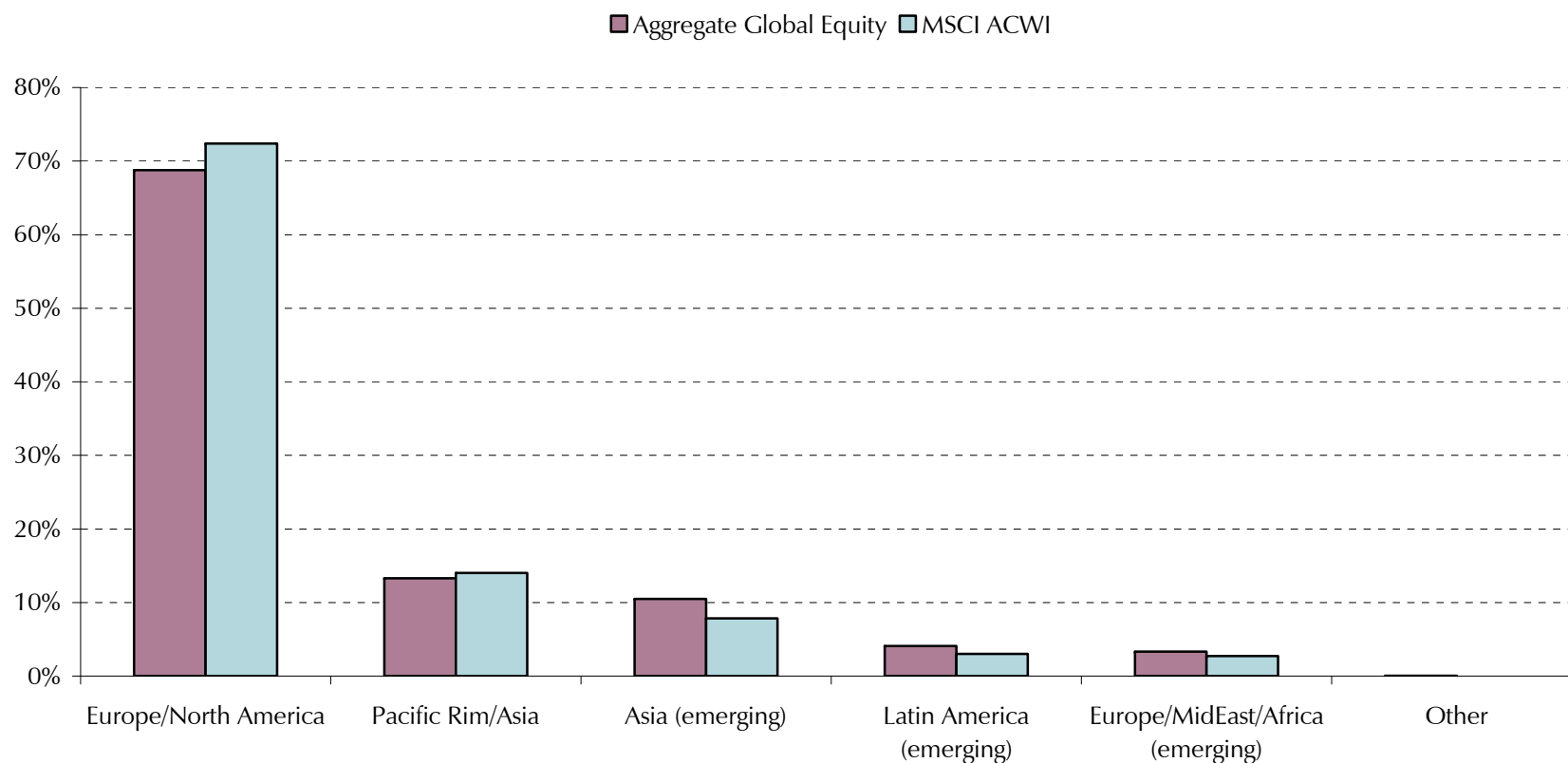
Industry Allocation (%):	Aggregate Global Equity 6/30/10	MSCI ACWI 6/30/10
Industrials	13	10
Consumer Discretionary	11	9
Health Care	9	9
Materials	8	8
Information Technology	12	12
Utilities	4	4
Telecom	4	5
Energy	10	11
Financials	20	21
Consumer Staples	8	10

San Jose Federated City Employees Retirement System

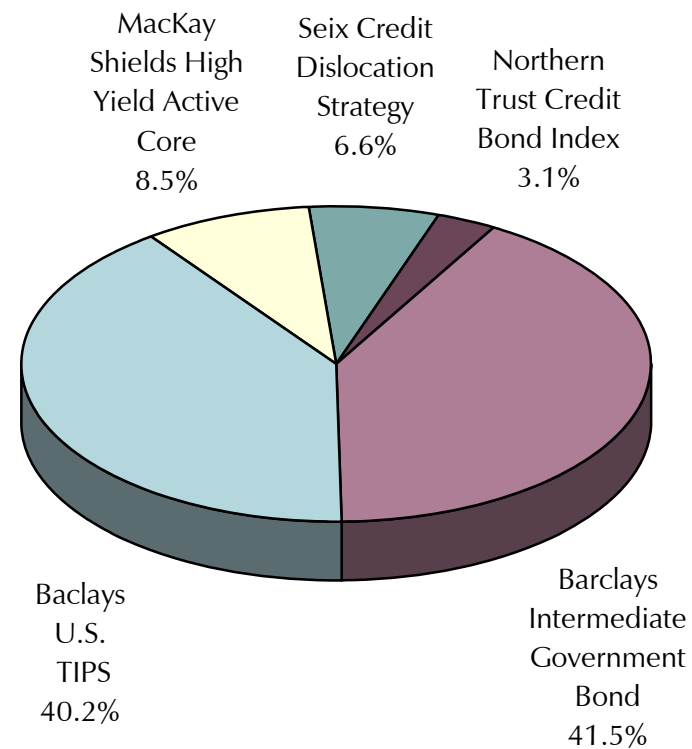
Global Equity Assets Country & Region Breakdown as of 6/30/10

	Aggregate Global Equity 6/30/10 (%)	MSCI ACWI 6/30/10 (%)
Europe/North America	68.8	72.4
United States	44.3	43.0
Italy	1.2	1.1
Sweden	1.1	1.2
France	3.5	3.8
Switzerland	2.8	3.2
Germany	2.5	3.1
United Kingdom	7.5	8.3
Canada	1.6	4.5
Pacific Rim/Asia	13.3	14.0
Japan	8.9	9.1
Australia	2.9	3.2

	Aggregate Global Equity 6/30/10 (%)	MSCI ACWI 6/30/10 (%)
Asia (emerging)	10.5	7.9
China	3.4	2.5
South Korea	2.4	1.8
India	1.5	1.1
Taiwan	1.8	1.4
Latin America (emerging)	4.1	3.0
Brazil	2.7	2.0
Europe/MidEast/Africa (emerging)	3.3	2.7
South Africa	1.3	1.0
Russia	1.1	0.8
Other	0.0	0.0



Fixed Income Assets
As of June 30, 2010



Risk: (sixty months)	Aggregate Fixed Income 6/30/10	Barclays Universal 6/30/10
Annualized Return (%)	6.2	5.6
Standard Deviation (%)	4.8	4.1
Best Monthly Return (%)	4.8	3.8
Worst Monthly Return (%)	-3.8	-3.6
Beta	1.08	1.00
Correlation (R ²) to Index	0.90	1.00
Correlation to Total Fund Return	0.65	NA
Sharpe Measure (risk-adjusted return)	0.73	0.71
Information Ratio	0.33	NA

Duration & Yield:

Average Effective Duration (years)

Aggregate
Fixed Income
6/30/10

Barclays Universal
6/30/10

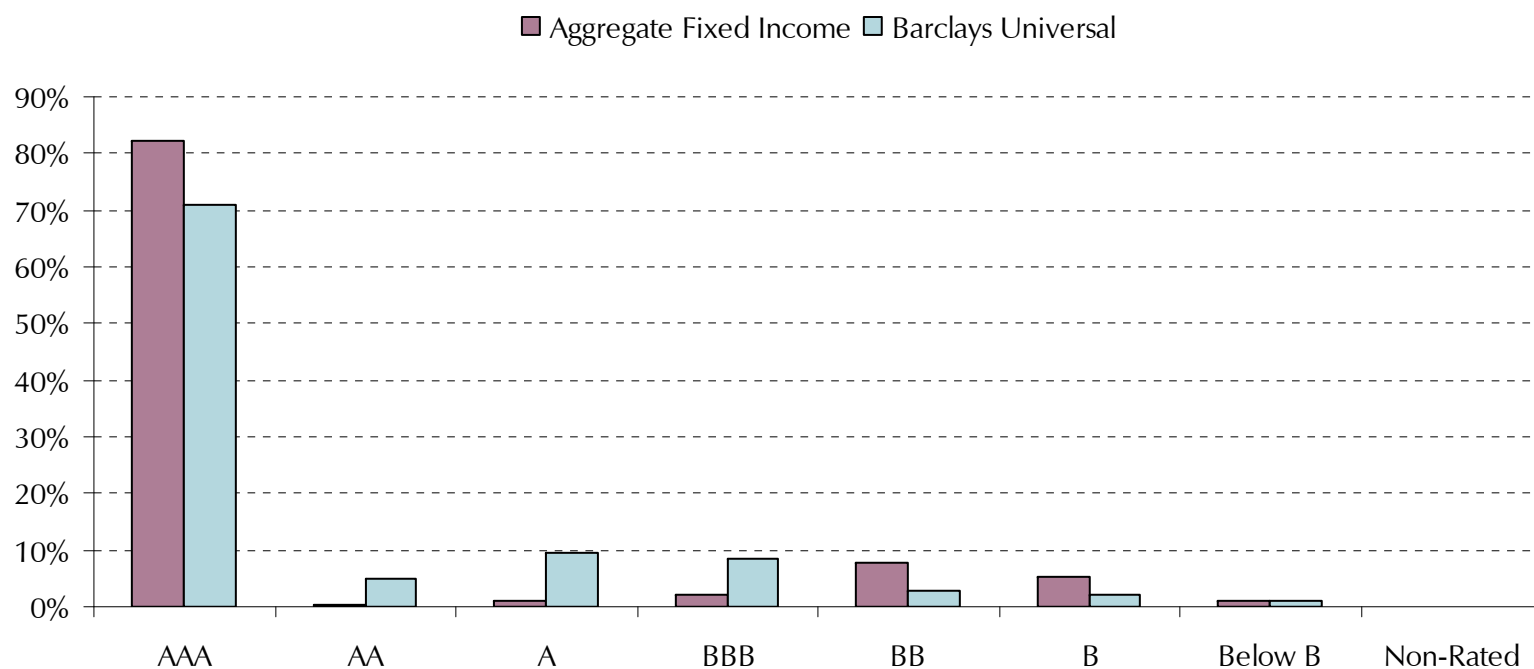
Yield to Maturity (%)

3.8

4.4

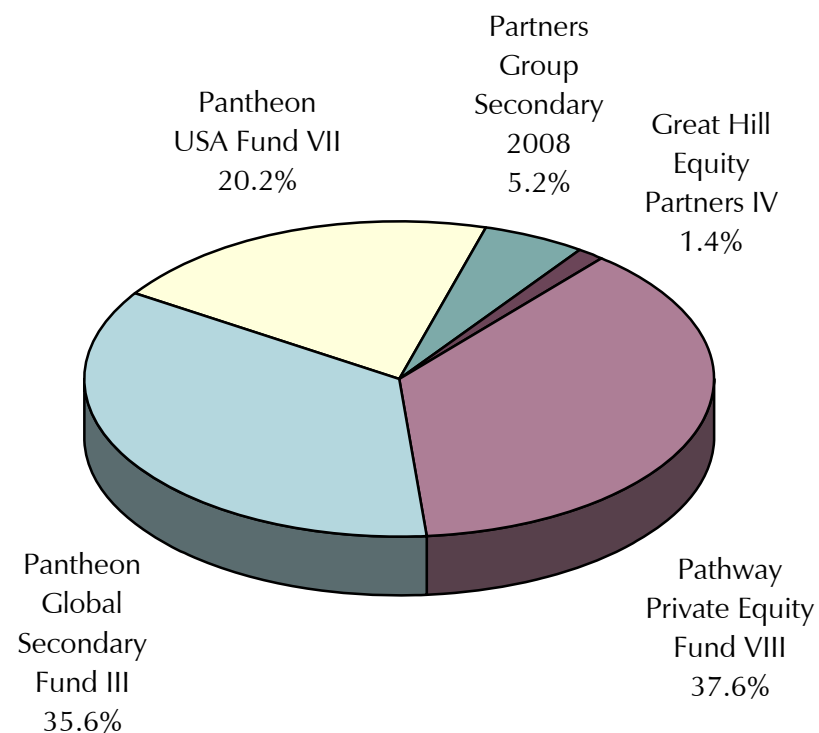
2.9

3.3

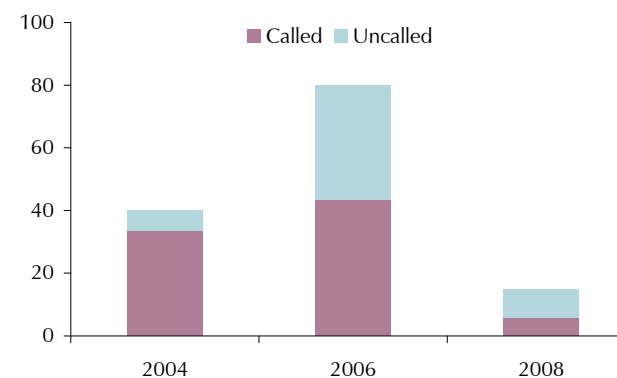
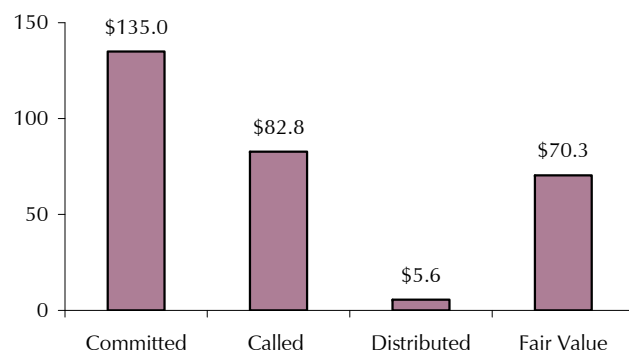


	Aggregate Fixed Income 6/30/10	Barclays Universal 6/30/10
Market Allocation (%):		
United States	99	87
Foreign (developed markets)	1	11
Foreign (emerging markets)	0	1
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	34	27
U.S. Treasury-TIPS	40	0
U.S. Agency	7	7
Mortgage Backed	0	30
Corporate	12	25
Bank Loans	5	0
Local & Provincial Government	0	1
Sovereign & Supranational	0	7
Commercial Mortgage Backed	0	3
Asset Backed	0	0
Cash Equivalent	1	0
Other	0	0

**Private Equity Assets
As of June 30, 2010**



Fair values for private markets assets are based on reported values of 3/31/10, adjusted for cash flows through 6/30/10. Unless otherwise denoted, all values have been converted into US dollars using 6/30/10 exchange rates.



Financial Summary: (Reported value as of 3/31/2010, adjusted for cash flows through 6/30/2010)

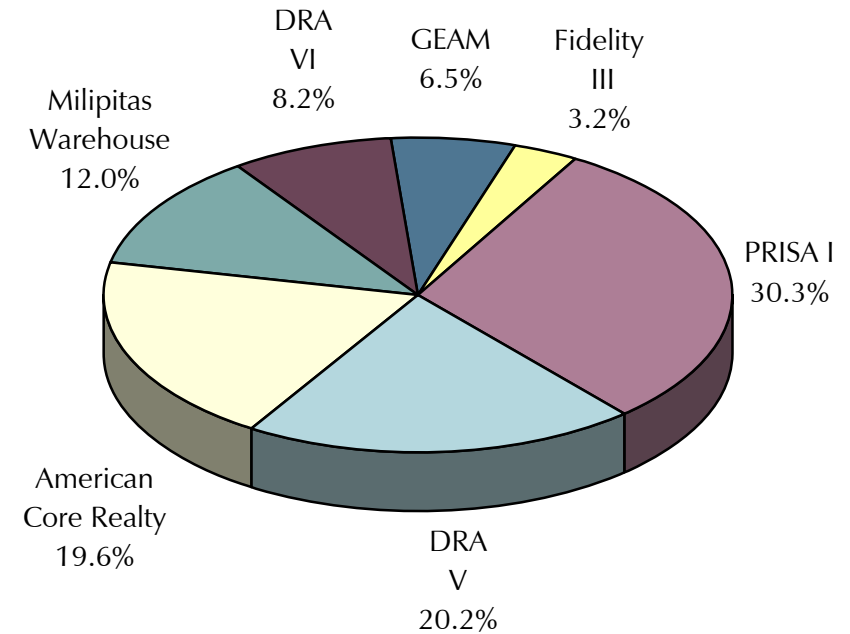
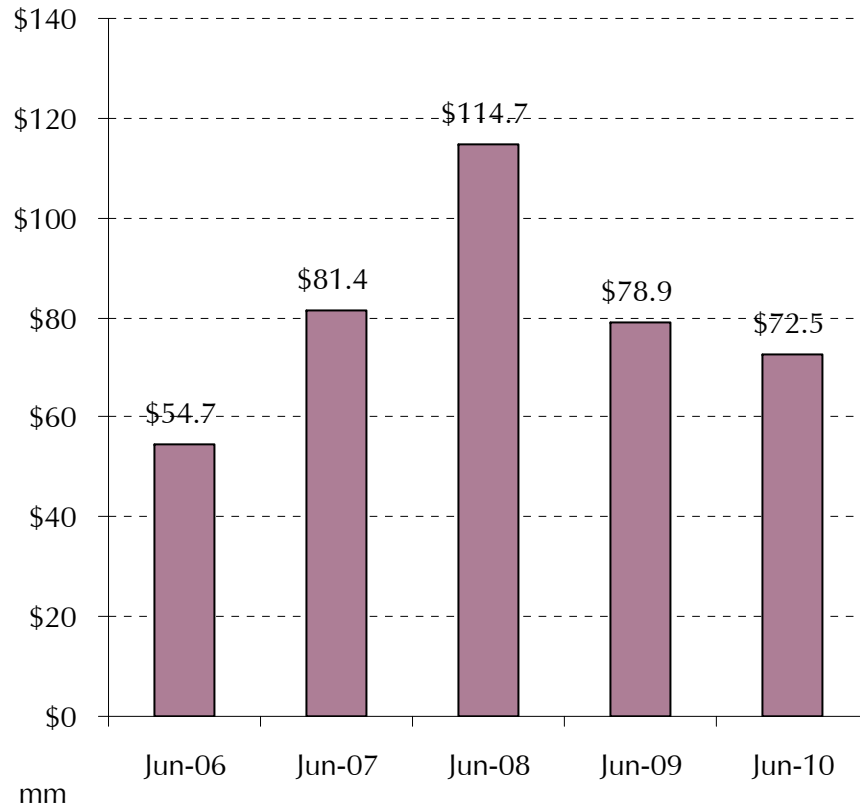
Program to Date

Allocation Target:	6%
Number of Funds:	5
Commitments:	\$135.0 mm
Capital Called:	\$82.8 mm
Distributions:	\$5.6 mm
Reported Value:	\$70.3 mm

Partnership	Type	Focus	Vintage Year
Pathway Private Equity Fund VIII	Fund of Funds	Diversified	2004
Pantheon Global Secondary Fund III	Secondary Market	Diversified	2006
Pantheon USA Fund VII	Fund of Funds	Diversified	2006
Great Hill Equity Partners IV, LP	Buyout	Middle Market Buyout	2008
Partners Group Secondary 2008, L.P.	Secondary Market	Diversified	2008

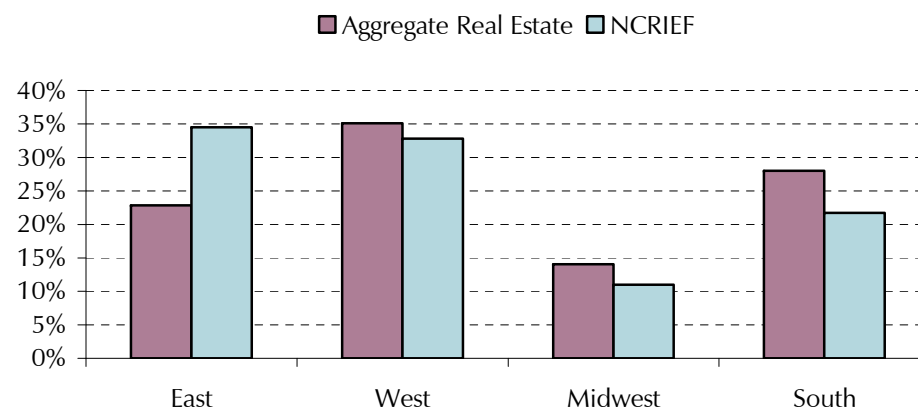
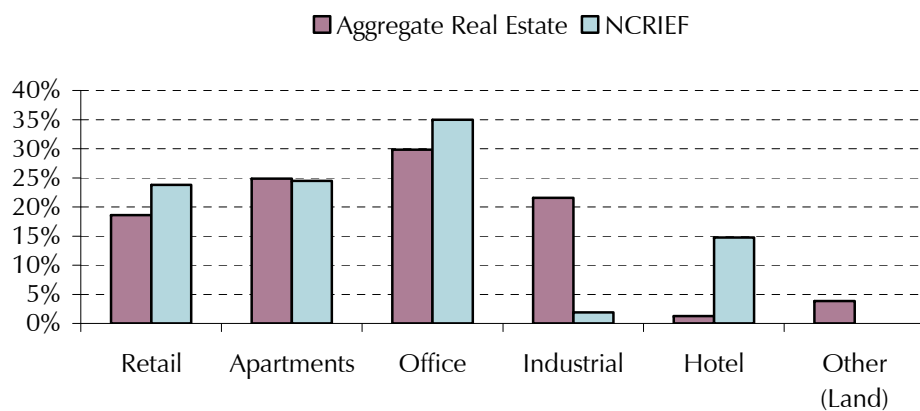
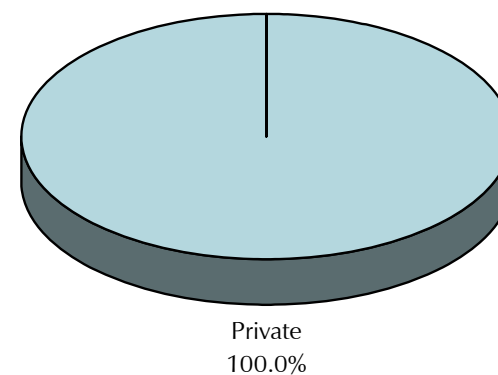
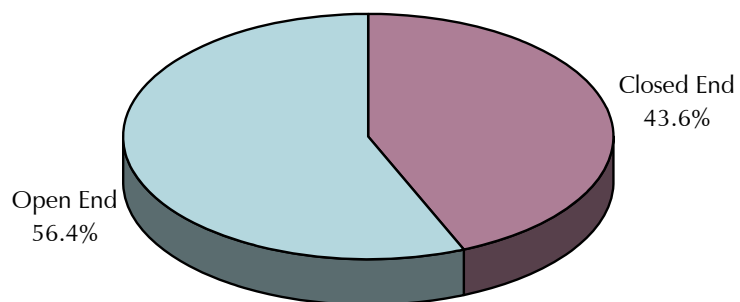
Partnership	Committed (\$ mm)	Called (\$ mm)	Distributed (\$ mm)	Fair Value (\$ mm)	% of Total
Great Hill Equity Partners IV, LP	5.0	1.1	0.0	1.0	1
Pathway Private Equity Fund VIII	40.0	33.4	4.2	26.5	38
Pantheon USA Fund VII	40.0	15.0	0.4	14.2	20
Pantheon Global Secondary Fund III	40.0	28.6	0.4	25.0	36
Partners Group Secondary 2008, L.P.	10.0	4.7	0.6	3.7	5

**Real Estate Assets
As of June 30, 2010**



San Jose Federated City Employees Retirement System

Real Estate Assets Breakdown as of 6/30/10



Portfolio Characteristics:	Aggregate Real Estate 6/30/10	NCREIF Property Index 6/30/10
Private Investments	100%	100%
Debt Investments	3%	NA
Open End Investments	56%	NA
# Portfolios	7	NA
# Properties	352	6,066
Leverage	47%	NA
Average Occupancy	81%	NA

	Market	Strategy	Reported Value 6/30/10 (\$ mm)	% of Asset Class
Real Estate Assets			72.5	100
PRISA I	Private	Diversified Core	22.0	30
DRA Growth & Income Fund V	Private	Value-Added	14.6	20
American Core Realty Fund, LLC	Private	Diversified Core	14.2	20
MIG Realty- Milpitas Warehouse	Private	Core	8.7	12
DRA Growth & Income Fund VI	Private	Value-Added	5.9	8
GEAM Value Add Realty Partners, L.P.	Private	Value-Added	4.7	7
Fidelity Real Estate Growth Fund III, L.P.	Private	Diversified Core	2.3	3

Portfolio Reviews
As of June 30, 2010

Global Equity Portfolio Returns As of June 30, 2010

San Jose Federated City Employees Retirement System

Northern Trust MSCI ACWI Index¹ Portfolio Detail as of 6/30/10

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$213.8 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 6/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.07% on all assets

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust All Country World Index (ACWI) strategy seeks to match, as closely as possible, the performance of the Morgan Stanley Capital International All Country World Index. This passive strategy gives low cost, broad exposure to developed and emerging equity markets.

Performance (%):	2Q10	YTD	Since 6/1/10
Northern Trust MSCI ACWI Index	NA	NA	-3.1
MSCI ACWI	-12.1	-9.4	-3.0

Capitalization Structure:	6/30/10	
	NT MSCI ACWI	MSCI ACWI
Weighted Average Market Cap. (US\$ billion)	41.5	53.6
Median Market Cap. (US\$ billion)	5.2	5.9
Large (% over US\$9 billion)	75	79
Medium (% US\$1.5 billion to US\$9 billion)	25	21
Small (% under US\$1.5 billion)	1	0

Fundamental Structure:

Price-Earnings Ratio	20	19
Price-Book Value Ratio	2.3	2.6
Dividend Yield (%)	3.1	2.7
Historical Earnings Growth Rate (%)	8	10
Projected Earnings Growth Rate (%)	15	13

Sector Allocation (%):

Financials	25	21
Materials	12	8
Industrials	10	10
Energy	10	11
Consumer Staples	9	10
Consumer Discretionary	9	9
Information Technology	7	12
Health Care	6	9
Telecom	6	5
Utilities	5	4

Diversification:

Number of Holdings	1,908	2,411
% in 5 largest holdings	5	5
% in 10 largest holdings	9	8

Region Allocation (%):

Europe/North America	51	72
Pacific Rim/Asia	24	14
Asia (emerging)	14	8
Latin America (emerging)	5	3
Europe/MidEast/Africa (emerging)	5	3

Largest Five Holdings:

		Industry
Nestle	1.3	Food Beverage & Tobacco
HSBC	1.2	Banks
Vodafone	0.8	Telecommunication Services
BHP Billiton	0.8	Materials
Novartis	0.8	Pharmaceuticals & Biotech

¹ Northern Trust MSCI ACWI Index includes exposure to the MSCI ACWI (ex. U.S.) Index and the Russell 3000 Index to simulate MSCI ACWI Index exposure.



San Jose Federated City Employees Retirement System

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$130.9 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

Liquidity Constraints:
Daily

Strategy:
The strategy seeks to replicate the performance of the MSCI ACWI Value Index.

Guidelines:
NA

Performance (%):	2Q10	YTD	Since 6/1/10
MSCI All Country World Value	NA	NA	-3.3
Net of Fees	NA	NA	-3.3
MSCI ACWI Value	-12.5	-9.7	-3.3

MSCI All Country World Value Portfolio Detail as of 6/30/10

	6/30/10	
Capitalization Structure:	Russell MSCI ACWI Value	MSCI ACWI Value
Weighted Average Market Cap. (US\$ billion)	61.6	57.7
Median Market Cap. (US\$ billion)	21.7	5.5
Large (% over US\$9 billion)	90	80
Medium (% US\$1.5 billion to US\$9 billion)	9	19
Small (% under US\$1.5 billion)	1	0

Fundamental Structure:		
Price-Earnings Ratio	17	16
Price-Book Value Ratio	1.8	1.7
Dividend Yield (%)	3.4	3.5
Historical Earnings Growth Rate (%)	2	3
Projected Earnings Growth Rate (%)	13	11

Sector Allocation (%):		
Financials	29	32
Industrials	15	9
Energy	14	14
Utilities	7	8
Telecom	7	7
Health Care	8	8
Consumer Discretionary	7	7
Materials	5	6
Consumer Staples	6	5
Information Technology	3	4

Diversification:		
Number of Holdings	274	1,317
% in 5 largest holdings	9	7
% in 10 largest holdings	16	14

Region Allocation (%):		
Europe/North America	72	72
Pacific Rim/Asia	14	14
Asia (emerging)	8	8
Latin America (emerging)	3	3
Europe/MidEast/Africa (emerging)	3	3
Other	0	0

Largest Five Holdings:		Industry
ExxonMobil	2.6	Energy
General Electric	1.7	Capital Goods
HSBC	1.6	Banks
JPMorgan	1.6	Diversified Financials
Procter & Gamble	1.6	Household/Personal Products



San Jose Federated City Employees Retirement System

Northern Trust Russell 3000 Index Portfolio Detail as of 6/30/10

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$103.9 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 9/1/1999
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.50% on first \$0.5 mm; 0.20% on next \$4.5 mm; 0.10% on next \$20 mm; 0.067% on next \$25 mm; 0.05% on next \$25 mm; 0.02% thereafter

Liquidity Constraints:

Daily

Strategy:

The Northern Trust strategy seeks to replicate the return of the Russell 3000 Index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

Performance (%):	2Q10	YTD	1 YR	3 YR	5 YR	Since 9/1/99
Northern Trust Russell 3000 Index	-11.3	-5.9	16.3	-9.3	-0.3	0.5
Russell 3000	-11.3	-6.0	15.7	-9.5	-0.5	0.4

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure ¹	Info. Ratio	Correlation to Index
Northern Trust Russell 3000 Index	17.8%	1.00	Neg.	NA	1.00
Russell 3000	17.8	1.00	Neg.	NA	1.00

	6/30/10		3/31/10	
Capitalization Structure:	NT Russell 3000	Russell 3000	NT Russell 3000	Russell 3000
Weighted Average Market Cap. (US\$ billion)	58.9	58.8	69.0	68.6
Median Market Cap. (US\$ million)	915.7	749.3	959.6	805.8
Large (% over US\$10 billion)	68	69	71	71
Medium (% US\$1.5 billion to US\$10 billion)	25	24	23	23
Small (% under US\$1.5 billion)	7	7	6	6

Fundamental Structure:

Price-Earnings Ratio	20	20	22	22
Price-Book Value Ratio	2.9	2.9	3.2	3.2
Dividend Yield (%)	2.0	2.0	1.8	1.8
Historical Earnings Growth Rate (%)	11	11	11	11
Projected Earnings Growth Rate (%)	12	12	11	11

Sector Allocation (%):

Information Technology	18	18	19	19
Financials	17	17	16	16
Health Care	12	12	12	12
Industrials	11	11	11	11
Consumer Discretionary	11	11	11	11
Energy	10	10	10	10
Consumer Staples	10	10	10	10
Materials	4	4	4	4
Utilities	4	4	4	4
Telecom	3	3	3	3

Diversification:

Number of Holdings	2,730	2,995	2,761	2,950
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	15	15	16	16

Largest Ten Holdings:

		Industry
ExxonMobil	2.5	Energy
Apple	2.0	Technology Hardware
Microsoft	1.5	Software & Services
Procter & Gamble	1.5	Household/Personal Products
Johnson & Johnson	1.4	Pharmaceuticals & Biotech
IBM	1.4	Software & Services
General Electric	1.3	Capital Goods
JPMorgan	1.3	Diversified Financials
Bank of America	1.2	Diversified Financials
AT&T	1.2	Telecommunication Services

¹ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



San Jose Federated City Employees Retirement System

Northern Trust MSCI Emerging Markets Index-NL Portfolio Detail as of 6/30/10

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$75.3 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 6/1/2010
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.15% on all assets

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Emerging Markets Index strategy seeks to replicate the returns of the MSCI Emerging Markets index. The fund provides the investors with broad diversification with relatively low investment management fees.

Performance (%):	2Q10	YTD	Since 6/1/10
Northern Trust MSCI Emerging Markets Index-NL	NA	NA	-0.8
MSCI Emerging Markets	-9.3	-7.1	-0.7

	6/30/10	MSCI Emerging Markets
Capitalization Structure:	NT MSCI EM	
Weighted Average Market Cap. (US\$ billion)	39.3	38.9
Median Market Cap. (US\$ billion)	4.5	4.5
Large (% over US\$9 billion)	66	66
Medium (% US\$1.5 billion to US\$9 billion)	32	32
Small (% under US\$1.5 billion)	2	2

Fundamental Structure:		
Price-Earnings Ratio	18	18
Price-Book Value Ratio	2.8	2.8
Dividend Yield (%)	2.3	2.3
Historical Earnings Growth Rate (%)	18	18
Projected Earnings Growth Rate (%)	20	20

Sector Allocation (%):		
Financials	25	25
Materials	14	14
Energy	14	14
Information Technology	13	13
Telecom	8	8
Consumer Staples	7	7
Industrials	7	7
Consumer Discretionary	7	7
Utilities	4	4
Health Care	1	1

Diversification:		
Number of Holdings	795	754
% in 5 largest holdings	9	9
% in 10 largest holdings	15	16

Region Allocation (%):		
Asia	59	59
Latin America	23	23
Europe, Middle East and Africa	18	18
Canada	0	0
Other	0	0

Largest Five Holdings:		Industry
Samsung Electronic	2.3	Semiconductors
China Mobile	2.0	Telecommunication Services
Petrol Brasileiros	1.5	Energy
Taiwan Semiconductor	1.5	Semiconductors
America Movil	1.5	Telecommunication Services



San Jose Federated City Employees Retirement System

MSCI EAFE Small Cap Portfolio Detail as of 6/30/10

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$74.7 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The strategy seeks to replicate the performance of the MSCI EAFE Small Cap Index.

Guidelines:
 NA

Performance (%):	2Q10	YTD	Since 6/1/10
MSCI EAFE Small Cap	NA	NA	-1.2
Net of Fees	NA	NA	-1.2
MSCI EAFE Small Cap	-11.3	-7.1	-0.4

	6/30/10	
	Russell MSCI EAFE Small Cap	MSCI EAFE Small Cap
Capitalization Structure:		
Weighted Average Market Cap. (US\$ billion)	11.5	1.3
Median Market Cap. (US\$ million)	852.8	538.8
Large (% over US\$9 billion)	31	0
Medium (% US\$1.5 billion to US\$9 billion)	36	34
Small (% under US\$1.5 billion)	33	66

Fundamental Structure:		
Price-Earnings Ratio	23	22
Price-Book Value Ratio	2.1	2.0
Dividend Yield (%)	2.5	2.7
Historical Earnings Growth Rate (%)	4	11
Projected Earnings Growth Rate (%)	21	21

Sector Allocation (%):		
Industrials	26	25
Consumer Discretionary	17	17
Financials	13	19
Materials	12	10
Information Technology	11	9
Consumer Staples	7	6
Health Care	5	6
Energy	4	5
Utilities	3	2
Telecom	2	1

Diversification:		
Number of Holdings	399	2,351
% in 5 largest holdings	5	1
% in 10 largest holdings	9	3

Region Allocation (%):		
Americas	2	0
Europe	57	56
Pacific Rim	39	43
Other	1	1

Largest Five Holdings:		Industry
Dassault Systemes	1.3	Software & Services
Adecco	1.1	Commercial & Professional Services
WPP Plc	1.0	Media
Shire	0.9	Pharmaceuticals & Biotech
Rolls Royce Group	0.9	Capital Goods



San Jose Federated City Employees Retirement System

Eagle Small-Cap Growth Portfolio Detail as of 6/30/10

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$52.9 million
Portfolio Manager: Bert L. Boksen, CFA
Location: St. Petersburg, Florida
Inception Date: 6/1/1998
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.75% on first \$3 mm; 0.70% on next \$10 mm; 0.60% on next \$50 mm; 0.50% thereafter

Liquidity Constraints:

Daily

Strategy:

Eagle Asset Management seeks to capture the significant long-term capital appreciation potential of small, rapidly growing, under-researched companies. The market capitalization of these companies ranges between \$100 million and \$1.5 billion at the time of purchase. Since the small company sector historically has been less efficient than the large capitalization sector, they believe that conducting extensive proprietary research on companies that are not widely followed or owned institutionally should enable Eagle to capitalize on market inefficiencies and thus outperform the Russell 2000 Growth Index.

Guidelines:

Maximum of 5% in one issuer, and maximum of 5% preferred stock.

Performance (%):	2Q10	YTD	1 YR	3 YR	5 YR	Since 6/1/98
Eagle Small-Cap Growth	-5.7	1.5	28.5	-4.1	5.6	4.9
Net of Fees	-5.9	1.2	27.7	-4.7	4.9	4.2
Russell 2000 Growth	-9.2	-2.3	18.0	-7.5	1.1	1.4
Peer Small Cap Growth	-8.7	-1.9	20.6	-7.8	1.5	5.4
Peer Ranking (percentile)	4	8	3	17	10	65
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure ¹	Info. Ratio	Correlation to Index	
Eagle Small-Cap Growth	23.8%	0.96	0.12	0.79	0.97	
Russell 2000 Growth	23.1	1.00	Neg.	NA	1.00	

	6/30/10 Eagle	Russell 2000 Growth	3/31/10 Eagle	Russell 2000 Growth
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	1.3	1.0	1.3	1.2
Median Market Cap. (US\$ billion)	1.0	0.4	0.9	0.5
Large (% over US\$10 billion)	0	0	0	0
Medium (% US\$1.5 billion to US\$10 billion)	38	20	40	29
Small (% under US\$1.5 billion)	62	80	60	71

Fundamental Structure:

Price-Earnings Ratio	37	30	35	31
Price-Book Value Ratio	3.1	3.6	3.1	3.9
Dividend Yield (%)	0.4	0.6	0.3	0.5
Historical Earnings Growth Rate (%)	18	13	19	17
Projected Earnings Growth Rate (%)	19	23	21	22

Sector Allocation (%):

Energy	7	4	8	4
Health Care	23	21	26	25
Financials	6	5	7	6
Information Technology	26	26	27	27
Consumer Discretionary	18	18	15	17
Utilities	0	0	0	0
Materials	4	4	4	2
Telecom	0	1	0	1
Industrials	15	17	13	14
Consumer Staples	1	3	2	4

Diversification:

Number of Holdings	76	1,291	80	1,266
% in 5 largest holdings	15	2	14	3
% in 10 largest holdings	27	4	25	6

Largest Ten Holdings:

		Industry
Thoratec	3.9	Health Equipment & Services
Rovi	3.2	Software & Services
American Medical Systems Hlds	3.0	Health Equipment & Services
Genesco	2.8	Retailing
Lufkin Industries	2.6	Energy
BJ's Restaurants	2.5	Consumer Services
Eclipsys	2.2	Health Equipment & Services
Quality Systems	2.1	Health Equipment & Services
Rubicon Technology	2.1	Semiconductors
Tibco Software	2.1	Software & Services

¹ A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



San Jose Federated City Employees Retirement System

Mandate: Global Equities
Active/Passive: Active
Market Value: \$51.3 million
Portfolio Manager: John P Calamos/ Nick P Calamos
Location: Naperville, Illinois
Inception Date: 11/1/2009
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
0.50% on all assets

Liquidity Constraints:
Daily

Strategy:

Calamos seeks to leverage their capital structure research by investing in global convertible securities, in order to generate consistent alpha and manage downside volatility. The portfolio construction process incorporates top-down and bottom-up analysis. Top-down considerations focus on the global macroeconomic environment, sectors and the identification of long-term secular themes that they believe will influence growth opportunities for decades to come. For bottom-up research, they first determine the intrinsic value of the company and then utilize quantitative and qualitative analysis to value the securities within the company's capital structure. Investment candidates emerge from the intersection of the top-down and bottom-up considerations. These investments are vetted more extensively within the context of the overall portfolio. Calamos continually monitors risk characteristics to ensure that the strategy maintains appropriate diversification and risk/reward characteristics.

Guidelines:

<5% in single issuer. Investments in minimum of five countries. Allocation to single sector <1.5x sector weight of benchmark.

Performance (%):	2Q10	YTD	Since 11/1/09
Calamos Global Convertibles	-4.2	-1.6	3.1
Net of Fees	-4.4	-1.8	2.7
Merrill Lynch Global 300 Convertible Index	-4.8	-1.1	4.1

Calamos Global Convertibles Portfolio Detail as of 6/30/10

	6/30/10		3/31/10	
	Calamos	ML Global 300 Convertible	Calamos	ML Global 300 Convertible
Duration & Yield:				
Average Effective Duration (years)	3.4	3.0	3.1	2.8
Yield to Maturity (%)	3.9	4.0	1.1	3.0
Quality Structure (%):				
Average Quality	BBB-	BB+	BB+	BB+
AAA (includes Treasuries and Agencies)	0	0	0	0
AA	2	5	2	5
A	23	18	20	17
BBB	29	26	33	27
BB	39	34	37	33
B	6	12	8	13
Below B	0	5	0	4
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	2	0	2	0
Other	98	100	98	100
Market Allocation (%):				
United States	36	33	58	49
Foreign (developed markets)	61	62	35	43
Foreign (emerging markets)	3	5	8	8
Currency Allocation (%):				
Non-U.S. Dollar Exposure	20	37	20	37



San Jose Federated City Employees Retirement System

MSCI EAFE Growth Portfolio Detail as of 6/30/10

Mandate: Global Equities
Active/Passive: Passive
Market Value: \$47.0 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:
 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The strategy seeks to replicate the performance of the MSCI EAFE Growth Index.

Guidelines:
 NA

Performance (%):	2Q10	YTD	Since 6/1/10
MSCI EAFE Growth	NA	NA	-0.2
Net of Fees	NA	NA	-0.2
MSCI EAFE Growth	-12.4	-10.7	-0.1

Capitalization Structure:	6/30/10	
	Russell MSCI EAFE Growth	MSCI EAFE Growth
Weighted Average Market Cap. (US\$ billion)	47.6	42.1
Median Market Cap. (US\$ billion)	11.4	5.9
Large (% over US\$9 billion)	79	76
Medium (% US\$1.5 billion to US\$9 billion)	19	24
Small (% under US\$1.5 billion)	1	0

Fundamental Structure:		
Price-Earnings Ratio	23	23
Price-Book Value Ratio	2.7	3.0
Dividend Yield (%)	2.7	2.4
Historical Earnings Growth Rate (%)	6	8
Projected Earnings Growth Rate (%)	18	16

Sector Allocation (%):		
Consumer Staples	18	18
Materials	14	15
Financials	14	12
Industrials	14	16
Health Care	12	11
Consumer Discretionary	11	13
Information Technology	7	7
Energy	4	4
Telecom	3	2
Utilities	3	2

Diversification:		
Number of Holdings	274	597
% in 5 largest holdings	12	12
% in 10 largest holdings	19	19

Region Allocation (%):		
Americas	1	0
Europe	65	65
Pacific Rim	33	34
Other	1	1

Largest Five Holdings:		Industry
Nestle	4.2	Food Beverage & Tobacco
Roche Holdings	2.4	Pharmaceuticals & Biotech
Novartis	2.1	Pharmaceuticals & Biotech
British American Tobacco	1.8	Food Beverage & Tobacco
BHP Billiton	1.6	Materials



Fixed Income Portfolio Returns As of June 30, 2010

San Jose Federated City Employees Retirement System

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$267.1 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.05% on all assets

Liquidity Constraints:

Daily

Strategy:

The strategy seeks to replicate the performance of the Barclays Intermediate Government Bond Index.

Guidelines:

NA

Performance (%):	2Q10	YTD	Since 6/1/10
Barclays Intermediate Government Bond	NA	NA	1.3
Net of Fees	NA	NA	1.3
Barclays IT Gov't	3.3	4.4	1.3

Barclays Intermediate Government Bond Portfolio Detail as of 6/30/10

	6/30/10	
Duration & Yield:	Barclays Int Gov't Bond	Barclays IT Gov't
Average Effective Duration (years)	3.6	3.7
Yield to Maturity (%)	1.4	1.5
Quality Structure (%):		
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100
AA	0	0
A	0	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	81	79
U.S. Treasury-TIPS	0	0
U.S. Agency	17	21
Mortgage Backed	0	0
Corporate	2	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	0	0
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	1	0
Other	0	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0



San Jose Federated City Employees Retirement System

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$259.0 million
Portfolio Manager: Russell Investments (Transition Manager)
Location: Tacoma, Washington
Inception Date: 6/1/2010
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

Liquidity Constraints:

Daily

Strategy:

The strategy seeks to replicate the performance of the Barclays U.S. TIPS Index.

Guidelines:

NA

Performance (%):	2Q10	YTD	Since 6/1/10
Barclays U.S. TIPS	NA	NA	1.5
Net of Fees	NA	NA	1.5
Barclays U.S. TIPS	3.8	4.4	1.4

Baclays U.S. TIPS Portfolio Detail as of 6/30/10

Quality Structure (%):	6/30/10	
	Barclays US TIPS	Barclays TIPS
Average Quality	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100
AA	0	0
A	0	0
BBB	0	0
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	0	0
U.S. Treasury-TIPS	100	100
U.S. Agency	0	0
Mortgage Backed	0	0
Corporate	0	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	0	0
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	0	0
Other	0	0
Market Allocation (%):		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0



San Jose Federated City Employees Retirement System

MackKay Shields High Yield Active Core Portfolio Detail as of 6/30/10

Mandate: High Yield
Active/Passive: Active
Market Value: \$54.9 million
Portfolio Manager: Dan Roberts, Ph.D.
Location: New York, New York
Inception Date: 5/1/2009
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.425% on all assets

Liquidity Constraints:
 Daily

Strategy:

The High Yield Active Core Investment Team believes that attractive risk-adjusted returns and, ultimately, attractive absolute returns are generated by a strategy of yield capture and error avoidance. Based on the observation that bonds, even high yield bonds, have a limited upside, but a 100% downside potential, this simple observation leads to the most fundamental element of the High Yield Active Core investment philosophy: the high yield market does not reward inappropriately high levels of risk. When this view is considered in combination with the observation that, over any given cycle, total return is driven almost entirely by income, this is the team's goal: capture the yield offered by the market by investing in stable, quality credits; aggressively protect this yield through a variety of risk control measures; resist the temptation to augment returns by "stretching" for the yield offered by the market's riskiest credits; and manage risk relative to the client's benchmark.

Guidelines:

Average rating of BB- or better. Maximum of 20% bank loans, and maximum of 5% CCC.

Performance (%):	2Q10	YTD	1 YR	Since 5/1/09
MackKay Shields High Yield Active Core	0.1	4.0	22.8	21.2
Net of Fees	0.0	3.8	22.3	20.8
Barclays High Yield	-0.1	4.5	26.8	32.8
Barclays High Yield BB/B	0.2	4.3	21.0	25.1
Peer High Yield	0.0	4.1	23.9	29.1
Peer Ranking (percentile)	37	52	61	86

	6/30/10		3/31/10	
Duration & Yield:	Mackay High Yield	Barclays High Yield	Mackay High Yield	Barclays High Yield
Average Effective Duration (years)	3.5	4.4	3.8	4.4
Yield to Maturity (%)	7.9	9.2	7.5	8.5
Quality Structure (%):				
Average Quality	BB-	B+	BB-	B+
AAA (includes Treasuries and Agencies)	1	0	3	0
AA	0	0	0	0
A	0	0	0	0
BBB	4	0	5	0
BB	37	39	45	39
B	44	39	38	39
Below B	11	21	7	21
Non-Rated	2	0	2	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	92	100	95	100
Bank Loans	3	0	3	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	4	0	0	0
Cash Equivalent	1	0	3	0
Other	0	0	0	0
Market Allocation (%):				
United States	91	89	91	89
Foreign (developed markets)	8	9	8	9
Foreign (emerging markets)	1	2	0	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated City Employees Retirement System

Mandate: High Yield
Active/Passive: Active
Market Value: \$42.4 million
Portfolio Manager: Michael McEachern, CFA
Location: Upper Saddle River, New Jersey
Inception Date: 5/1/2009
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:

0.30% on all assets

Liquidity Constraints:

Daily

Strategy:

Seix manages a diversified credit portfolio employing primarily a buy and hold strategy to generate attractive absolute returns as acceptable risk levels. Sales or exchanges occur due to credit impaired assets or defaults. The portfolio will be comprised primarily of high yield floating rate bank loans, with a maximum of 20% in high yield corporate bonds.

Guidelines:

Average Credit quality of BB- or better. Maximum of 20% high yield bonds, and maximum of 5% rated C or lower

Performance (%):	2Q10	YTD	1 YR	Since 5/1/09
Seix Credit Dislocation Strategy	-1.5	1.9	8.8	10.1
Net of Fees	-1.5	1.7	8.4	9.7
CSFB Leveraged Loan Index	-1.0	3.3	17.7	24.6

Seix Credit Dislocation Strategy Portfolio Detail as of 6/30/10

	6/30/10		3/31/10	
Duration & Yield:	Seix	CSFB Lev Loan	Seix	CSFB Lev Loan
Average Effective Duration (years)	2.0	0.3	2.0	0.3
Yield to Maturity (%)	5.1	4.1	4.1	3.8
Quality Structure (%):				
Average Quality	BB	B	BB	B
AAA (includes Treasuries and Agencies)	2	0	6	0
AA	0	0	0	0
A	0	0	0	0
BBB	7	0	4	0
BB	69	40	70	41
B	23	42	21	44
Below B	0	4	0	3
Non-Rated	0	14	0	13
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	21	0	20	0
Bank Loans	77	100	74	100
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	2	0	6	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



San Jose Federated City Employees Retirement System

Northern Trust Credit Bond Index Portfolio Detail as of 6/30/10

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$20.2 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 5/1/2010
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.04% on all assets

Liquidity Constraints:
 Daily

Strategy:
 The strategy seeks to replicate the performance of the Barclays Credit Index.

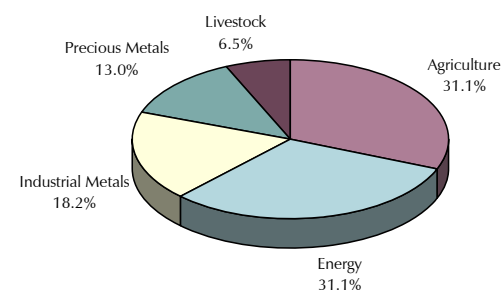
Performance (%):	2Q10	YTD	Since 5/1/10
Northern Trust Credit Bond Index	NA	NA	3.2
Barclays Credit	3.3	5.6	1.6

Duration & Yield:	6/30/10	
	NT Barclays Credit Index	Barclays Credit
Average Effective Duration (years)	6.4	6.4
Yield to Maturity (%)	4.0	4.0
Quality Structure (%):		
Average Quality	A	A
AAA (includes Treasuries and Agencies)	10	10
AA	15	17
A	39	39
BBB	36	34
BB	0	0
B	0	0
Below B	0	0
Non-Rated	0	0
Sector Allocation (%):		
U.S. Treasury-Nominal	6	0
U.S. Treasury-TIPS	0	0
U.S. Agency	0	0
Mortgage Backed	0	0
Corporate	77	80
Bank Loans	0	0
Local & Provincial Government	8	10
Sovereign & Supranational	8	10
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	2	0
Other	0	0
Market Allocation (%):		
United States	93	70
Foreign (developed markets)	7	28
Foreign (emerging markets)	0	2
Currency Allocation (%):		
Non-U.S. Dollar Exposure	0	0



**Real Assets Portfolio Reviews
As of June 30, 2010**

Mandate: Commodities
Active/Passive: Passive
Market Value: \$32.5 million
Portfolio Manager: Russell Investments
 (Transition Manager)
Location: Tacoma, Washington
Inception Date: 5/1/2010
Account Type: Separately Managed



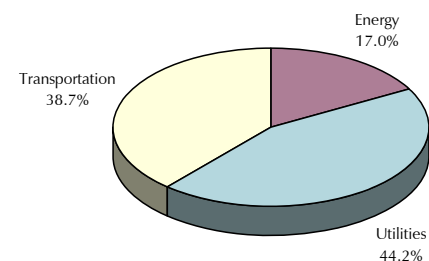
Fee Schedule:
 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter costs.

Liquidity Constraints:
 Monthly

Strategy:
 The DJ -UBS Commodities swap seeks to replicate the performance of the Dow Jones – UBS Commodities Index.

Performance (%):	2Q10	YTD	Since 5/1/10
DJ – UBS Commodities Swap	NA	NA	-6.7
Dow Jones - UBS Commodities Index	NA	NA	-6.6

Mandate: Infrastructure
Active/Passive: Passive
Market Value: \$34.2 million
Portfolio Manager: Russell Investments
 (Transition Manager)
Location: Tacoma, Washington
Inception Date: 5/1/2010
Account Type: Separately Managed



Fee Schedule:
 0.05% on first \$200 mm; 0.03% on next \$200 mm; 0.015% thereafter

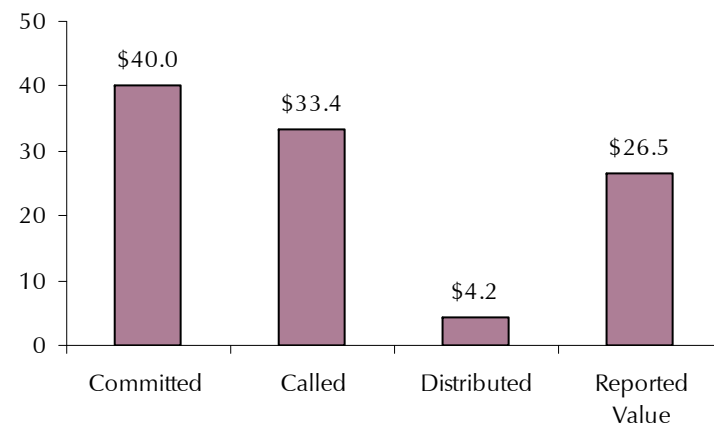
Liquidity Constraints:
 Monthly

Strategy:
 The S&P Global Infrastructure swap seeks to replicate the performance of the Standard & Poor's Global Infrastructure Index.

Performance (%):	2Q10	YTD	Since 5/1/09
S&P Global Infrastructure Swap	NA	NA	-11.5
S&P Global Infrastructure Index	NA	NA	-11.4

**Private Equity Portfolio Reviews
As of June 30, 2010**

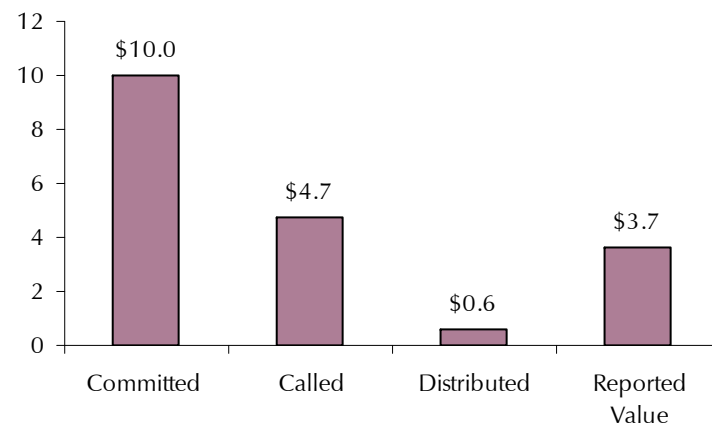
Strategy:	Private Equity Fund of Funds Diversified Buyout	Commitment:	\$40.0 million
Senior Professionals:	Jim Reinhardt; Terry Melican	Capital Contributions:	\$33.4 million
Location:	Irvine, California	Outstanding Commitment:	\$6.6 million
Vintage Year:	2004	Realized Proceeds:	\$4.2 million
Fee Schedule:	0.80% on all assets	Total Value:	\$26.5 million



Investment Strategy:

As a Fund of Funds, Pathway's investment philosophy centers on manager selection, opportunistically taking advantage of market conditions, and portfolio diversification, both across industries and geographic regions. The investment team uses its extensive existing relationships, as well as substantial research and proactive development of new relationships, to source investment opportunities. The team then adheres to tested investment criteria in order to avoid excess risk.

Strategy:	Private Equity Secondary Market Diversified Buyout	Commitment:	\$10.0 million
Senior Professionals:	Team	Capital Contributions:	\$4.7 million
Location:	Baar-Zug, Switzerland	Outstanding Commitment:	\$5.3 million
Vintage Year:	2008	Realized Proceeds:	\$0.6 million
Fee Schedule:	1.25% of commitments; 8% preferred return; 15% carried interest	Total Value:	\$3.7 million



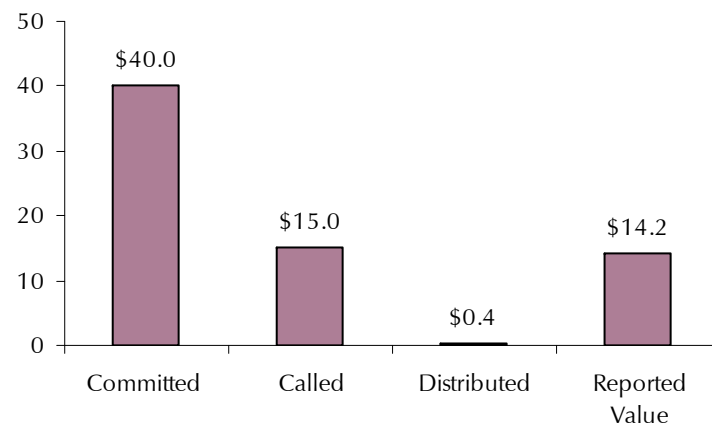
Investment Strategy:

PG Secondary 2008 is a global opportunistic secondary fund that classifies secondaries as being either "manager" or "financial" depending on the maturity of the underlying portfolio investments of a given opportunity. Although the team has stated that it actively invests in both manager- and financial-driven secondaries, it specializes in manager secondaries, which are characterized by younger fund portfolios that are typically in the J-curve period of the fund's life cycle. This is different than many other large secondary players which tend to focus on almost-to-fully funded interests.

San Jose Federated City Employees Retirement System

Pantheon USA Fund VII Portfolio Detail as of 6/30/10

Strategy:	Private Equity Fund of Funds Diversified Buyout	Commitment:	\$40.0 million
Senior Professionals:	Team	Capital Contributions:	\$15.0 million
Location:	London, United Kingdom	Outstanding Commitment:	\$25.0 million
Vintage Year:	2006	Realized Proceeds:	\$0.4 million
Fee Schedule:	75 bp of commitments; 10% Preferred Return; 5% carried interest	Total Value:	\$14.2 million

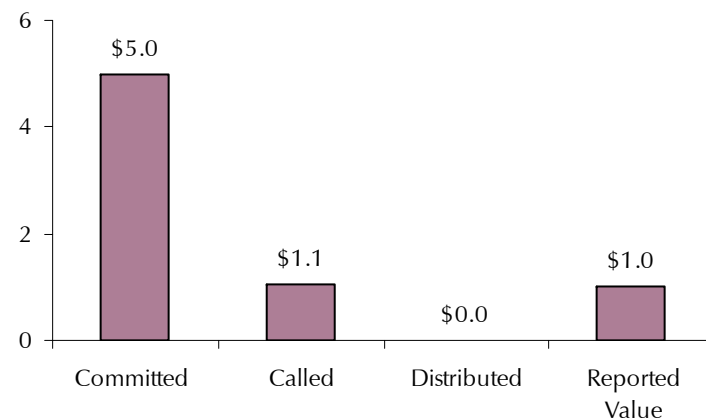


Investment Strategy:

Pantheon is a global private equity primary and secondary fund-of-funds manager. Originally formed in 1982 as the private equity investment division of GT Management in London, Pantheon's management acquired the private equity division in 1988 through a management buyout. Pantheon has been part of Russell Investments since March 2004. Pantheon has 148 employees, including 65 investment professionals. Starting in 1993, Pantheon has built a regional primary investments program that invests in new private equity funds in the U.S., Europe and Asia. Three dedicated investment teams look to select managers and develop portfolios with exposure to what it believes to be the most attractive segments within each market.



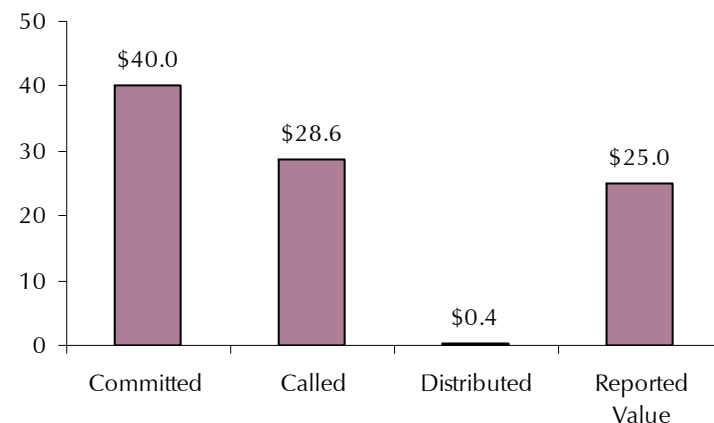
Strategy:	Private Equity Buyout Middle Market Buyout	Commitment:	\$5.0 million
Senior Professionals:	Team	Capital Contributions:	\$1.1 million
Location:	Boston, Massachusetts	Outstanding Commitment:	\$3.9 million
Vintage Year:	2008	Realized Proceeds:	\$0.0 million
Fee Schedule:	2.3% of commitments; 8.0% preferred return; 20% carried interest	Total Value:	\$1.0 million



Investment Strategy:

Great Hill Equity Partners IV will make investments ranging in size from \$50 million - \$150 million, to finance the growth and acquisition of middle market companies in its targeted industry sectors. The Fund will be the fourth generation private equity fund managed by the Great Hill Partners team. The Fund will also represent a continuation of the strategic approach employed by the team in assembling the private equity portfolios of prior Great Hill funds. The Fund focuses on middle market growth companies operating in a variety of sectors within the Business Services and Consumer Services segments of the economy. Since its first fund in 1999, the Firm has invested in 37 companies, and reported a gross return on realized investments of 52% as of December 31, 2007.

Strategy:	Private Equity Secondary Market Diversified Buyout	Commitment:	\$40.0 million
Senior Professionals:	Team	Capital Contributions:	\$28.6 million
Location:	London, United Kingdom	Outstanding Commitment:	\$11.4 million
Vintage Year:	2006	Realized Proceeds:	\$0.4 million
Fee Schedule:	100 bp of commitments; 10% Preferred Return	Total Value:	\$25.0 million



Investment Strategy:

Pantheon is a global private equity primary and secondary fund-of-funds manager. Originally formed in 1982 as the private equity investment division of GT Management in London, Pantheon's management acquired the private equity division in 1988 through a management buyout. Pantheon has been part of Russell Investments since March 2004. Pantheon has 148 employees, including 65 investment professionals of which 20 are dedicated to secondaries. Pantheon targets a range of secondary transactions including single fund interests, large portfolios of fund interests and to a lesser extent, portfolios of direct company interests in addition to complex and structured global deals with hybrid portfolios (funds and directs). Pantheon has a stated focus on manager and asset quality and will not complete many synthetic transactions due to perceived risk associated with backing an unknown manager.

**Real Estate Portfolio Reviews
As of June 30, 2010**

San Jose Federated City Employees Retirement System

PRISA I Portfolio Detail as of 6/30/10

Strategy: Real Estate
Private Market
Diversified Core

Market Value: \$22.0 million

Senior Professionals: Kevin R. Smith

Location: San Francisco, California

Inception Date: 7/1/04

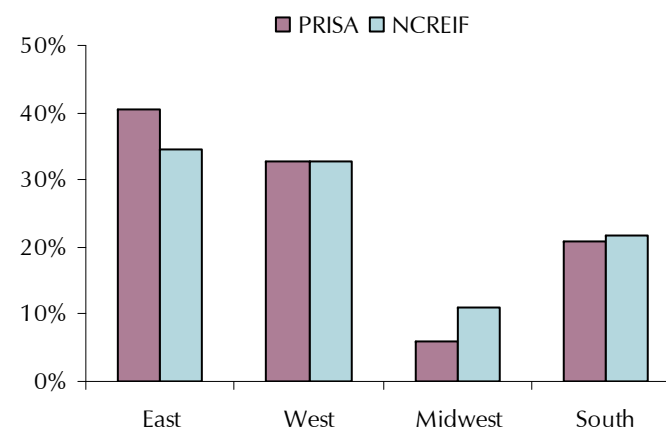
Account Type: Separately Managed

of Investments: 235

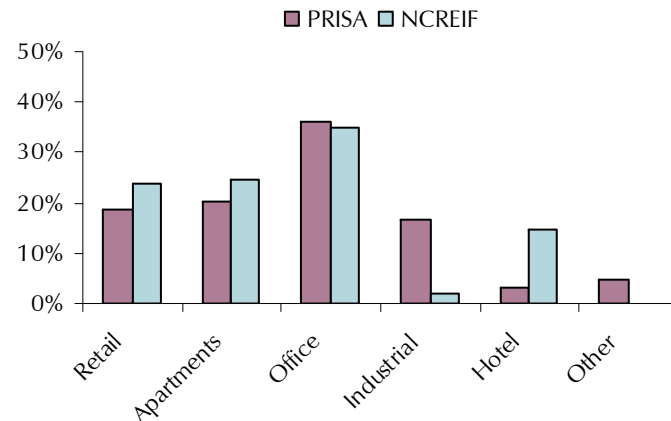
Liquidity Constraints: Quarterly (with 30 days advance notice)

Fee Schedule: 1.20% on first \$25 mm; 1.15% on next \$25 mm; 1.10% on next \$50 mm; 1.05% on next \$100 mm; 1.00% thereafter

Geographic Region:



Property Type:



Performance (%):	2Q10	YTD	1 YR	3 YR	5 YR	Since 7/1/04
PRISA I	7.9	7.3	-3.7	-13.2	-1.3	1.6
Net of Fees	7.6	7.0	-4.3	-13.9	-2.1	0.7
NCREIF Property	3.3	4.1	-1.5	-4.7	3.8	6.0

Investment Strategy: PRISA invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. The Account makes investments primarily in office, retail, industrial, apartment, and hotel properties. Investments may be made through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loan types, including mezzanine debt, and debt secured by an interest in the borrowing entity or interests in companies or entities that directly or indirectly hold real estate or real estate interests.

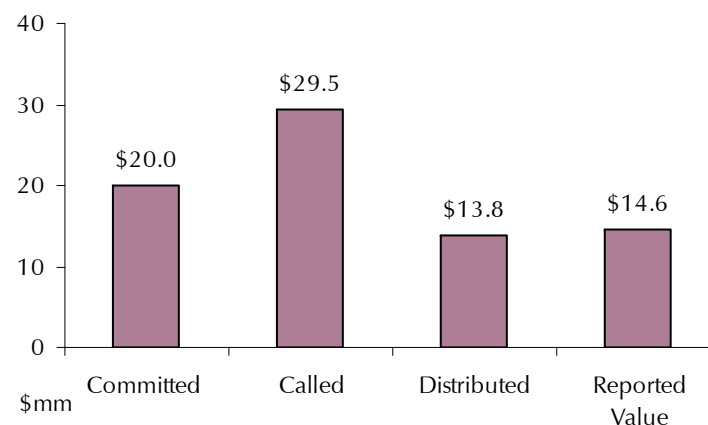


San Jose Federated City Employees Retirement System

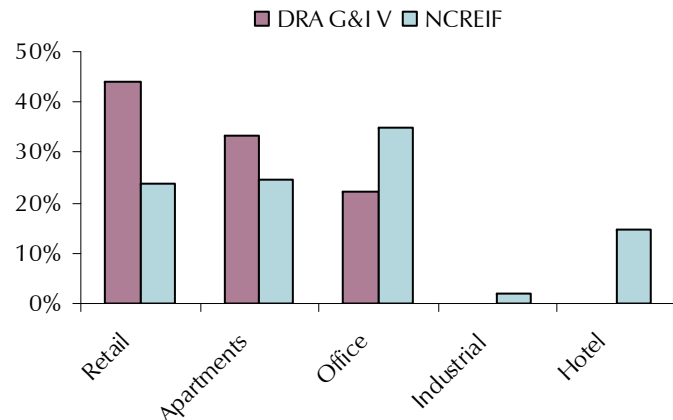
DRA Growth & Income Fund V Portfolio Detail as of 3/31/10

Strategy: Real Estate
Private Market
Value-Added
Market Value: \$14.6 million
Senior Professionals: Team
Location: New York, New York
Vintage Year: 2005
Account Type: Commingled Fund
of Investments: 14
Liquidity Constraints: No interim liquidity
Fee Schedule: 90 bps of Gross Asset Cost during the Acquisition Period, dropping to 60 bps of Gross Asset Cost after the Acquisition Period, with Gross Asset Cost reduced by leverage in excess of 65%

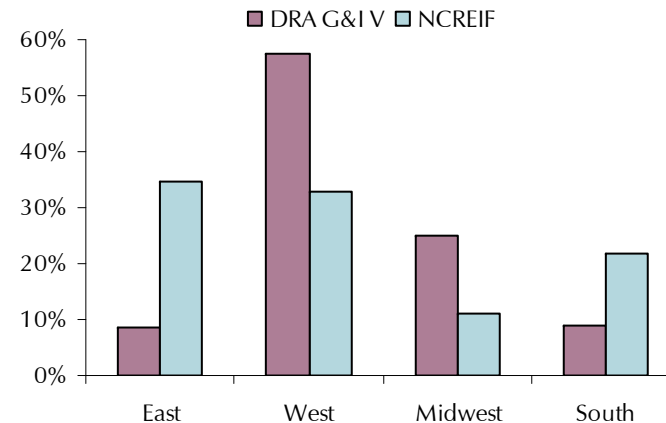
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy: The Fund continues the fund series' strategy of making value-added commercial real estate investments. DRA invests in diversified portfolios of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States. DRA targets investments that offer competitive income returns and the potential for capital appreciation. Preservation of capital, downside protection and stability of cash flows underlie the firm's investment approach. DRA's value-added funds attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost

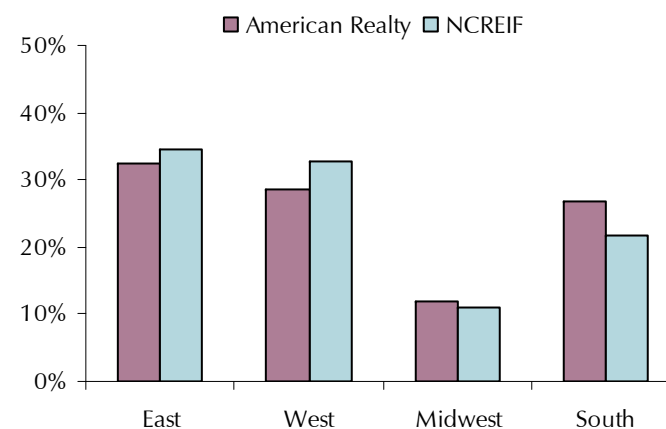


San Jose Federated City Employees Retirement System

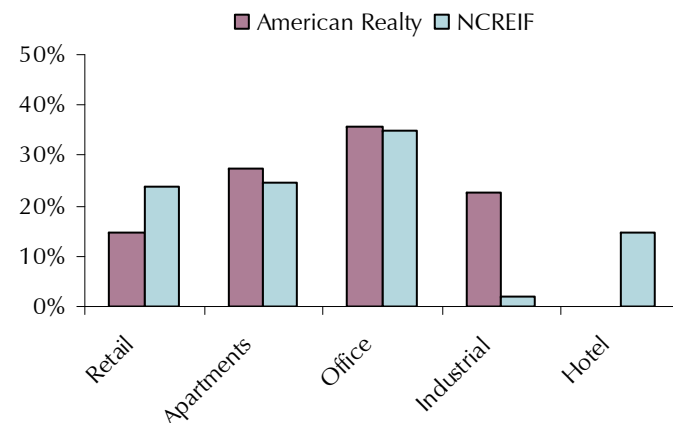
American Core Realty Fund, LLC Portfolio Detail as of 6/30/10

Strategy: Real Estate
 Private Market
 Diversified Core
Market Value: \$14.2 million
Senior Professionals: Scott Darling
Location: Glendale, California
Inception Date: 1/1/2007
Account Type: Commingled Fund
of Investments: 55
Liquidity Constraints: Quarterly (with 30 days advance notice)
Fee Schedule: 1.10% on first \$25 mm; 0.95% on next \$50 mm; 0.85% thereafter

Geographic Region:



Property Type:



Performance (%):	2Q10	YTD	1 YR	3 YR	Since 1/1/07
American Core Realty Fund, LLC	3.3	2.6	-11.2	-9.9	-6.3
Net of Fees	3.0	2.1	-12.1	-10.8	-7.2
NCREIF Property	3.3	4.1	-1.5	-4.7	-1.8

Investment Strategy: American Realty targets core institutional-quality office, industrial, retail, and multifamily properties in the United States. In general, the strategy seeks properties in the \$5 to \$50 million range. Target properties will be 80% to 100% occupied, be less than ten years old and diversified by product type, geographic region and tenant base. The Fund will seek to provide returns with stable income and potential market appreciation.



San Jose Federated City Employees Retirement System

DRA Growth & Income Fund VI Portfolio Detail as of 3/31/10

Strategy: Real Estate
Private Market
Value-Added

Market Value: \$5.9 million

Senior Professionals: Team

Location: New York, New York

Vintage Year: 2007

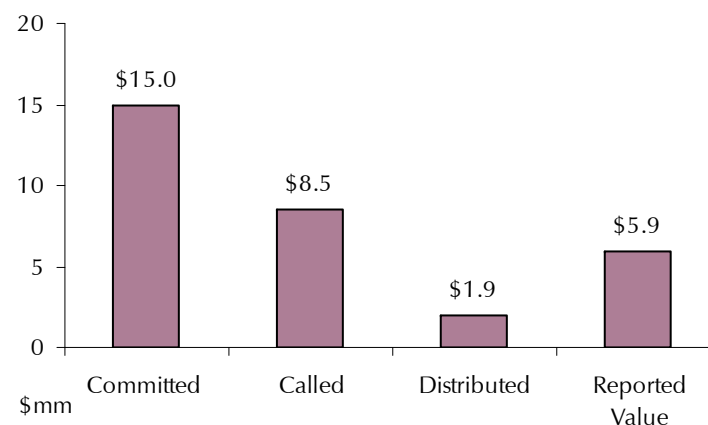
Account Type: Ltd. Partnership

of Investments: 5

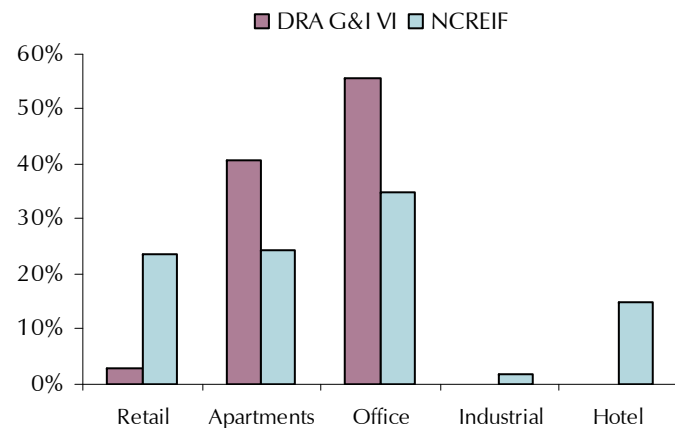
Liquidity Constraints: No interim liquidity

Fee Schedule: 90 bps of Gross Asset Cost during the Acquisition Period, dropping to 60 bps of Gross Asset Cost after the Acquisition Period, with Gross Asset Cost reduced by leverage in excess of 65%

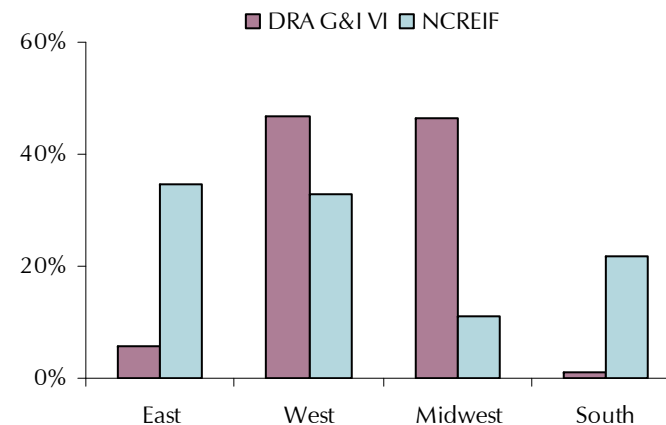
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy: The Fund continues the fund series' strategy of making value-added commercial real estate investments. DRA invests in diversified portfolios of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States. DRA targets investments that offer competitive income returns and the potential for capital appreciation. Preservation of capital, downside protection and stability of cash flows underlie the firm's investment approach. DRA's value-added funds attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost.

San Jose Federated City Employees Retirement System

GEAM Value Add Realty Partners, L.P. Portfolio Detail as of 3/31/10

Strategy: Real Estate
Private Market
Value-Added

Market Value: \$4.7 million

Senior Professionals: Philip Riordan | Susan Doyle

Location: Stamford, Connecticut

Vintage Year: 2006

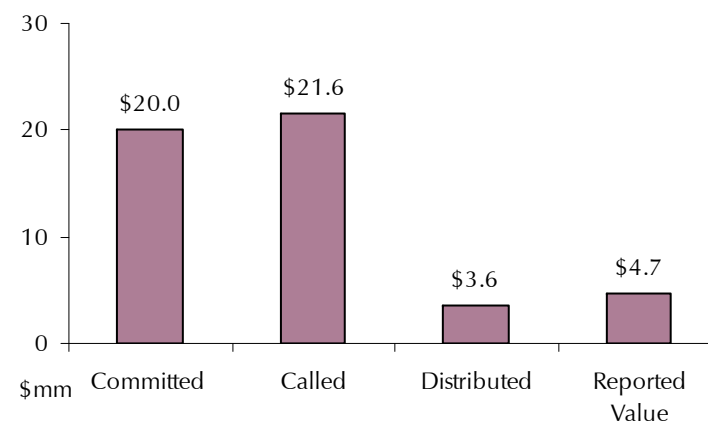
Account Type: Ltd. Partnership

of Investments: 13

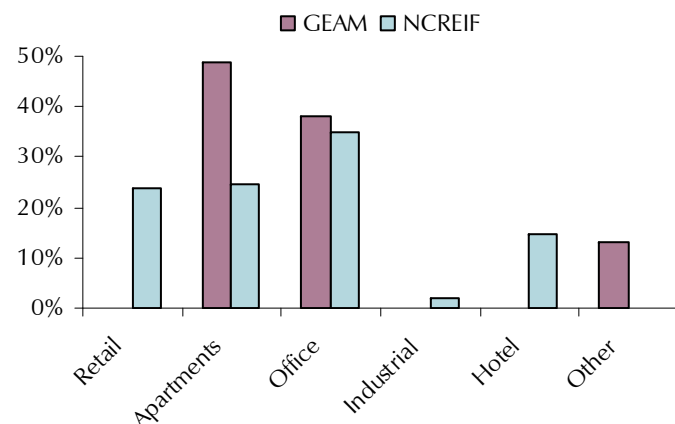
Liquidity Constraints: No interim liquidity

Fee Schedule: Fees for services equal to (a) during the Commitment Period, one percent (1%) per annum of the total aggregate Capital Commitments of all Limited Partners and (b) thereafter, one percent(1%) per annum of the Net Equity actually invested in all Real Estate Investments held by the Partnership, determined as of the last day of each calendar quarter.

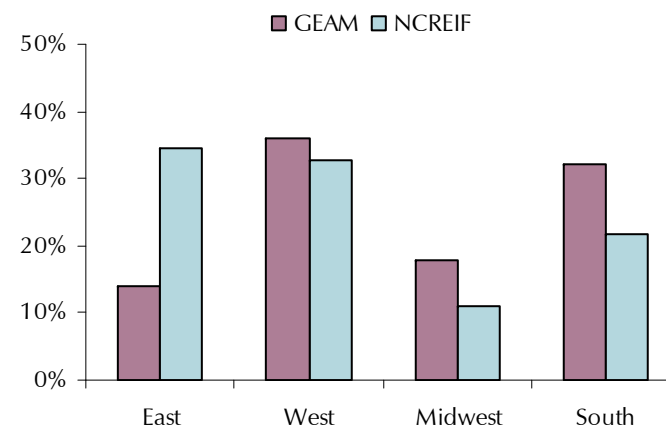
Portfolio Size:



Property Type:



Geographic Region:



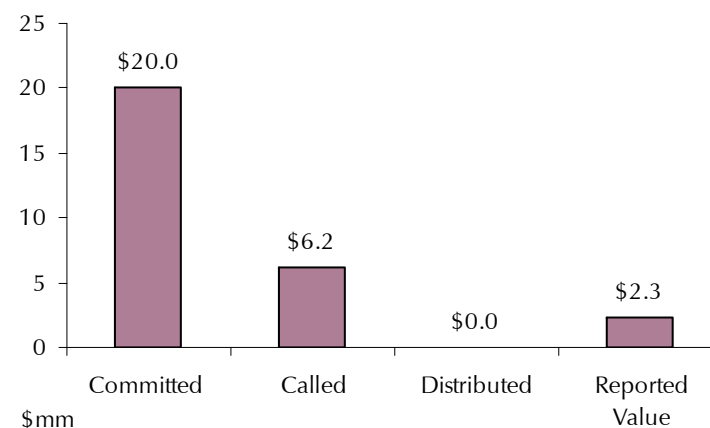
Investment Strategy: The objective of the GEAM Value Add Realty Partners, L.P. is to invest in U.S. commercial and multi-family properties in which value can be created through redevelopment, renovation, repositioning, and/or releasing.

San Jose Federated City Employees Retirement System

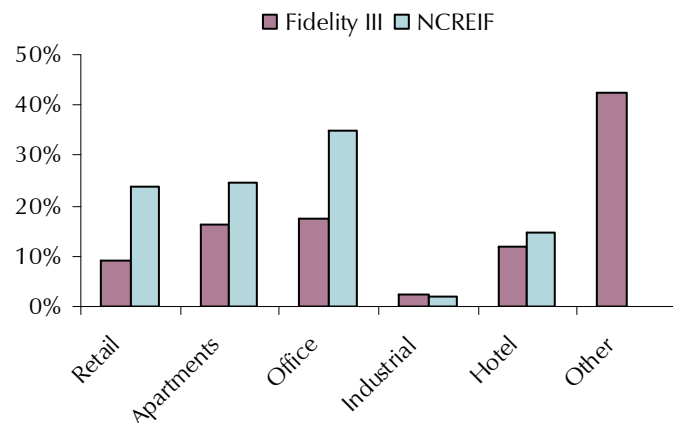
Fidelity Real Estate Growth Fund III, L.P. Portfolio Detail as of 6/30/10

Strategy: Real Estate
Private Market
Diversified Core
Market Value: \$2.3 million
Senior Professionals: Team
Location: Boston, Massachusetts
Vintage Year: 2006
Account Type: Ltd. Partnership
of Investments: 29
Liquidity Constraints: No interim liquidity
Fee Schedule: 1.0% of committed capital; 17.5% on performance

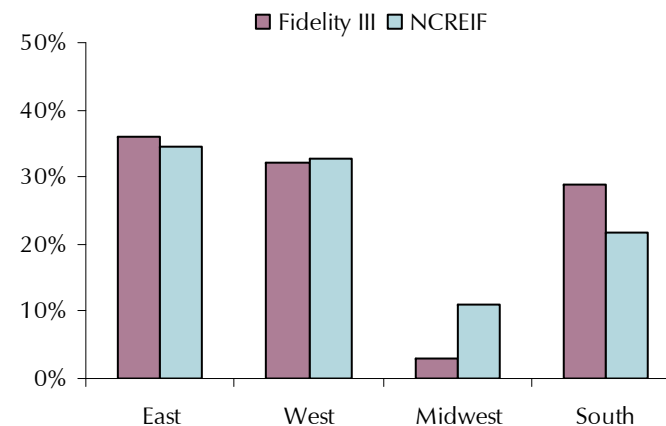
Portfolio Size:



Property Type:



Geographic Region:



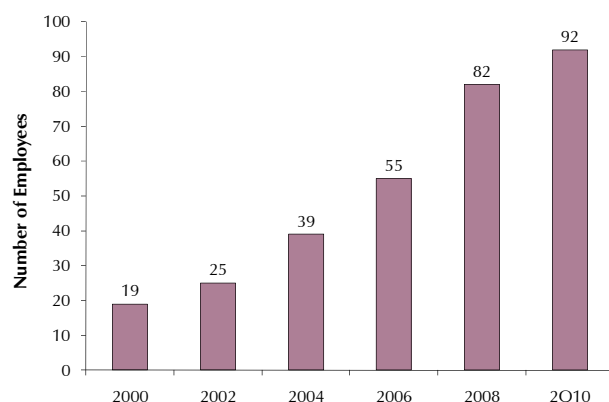
Investment Strategy: Fidelity Real Estate Growth Fund III will seek to generate gross annualized returns of at least 18% through investments in value-added private equity and equity-related real estate transactions. Fidelity principally targets transactions in markets with positive fundamentals that offer an opportunity to increase returns through the execution of a value-added strategy. Accordingly, such investments will benefit not only from improving market conditions but also from the excess return created by the successful completion of each value-enhancement plan.

Meketa Investment Group

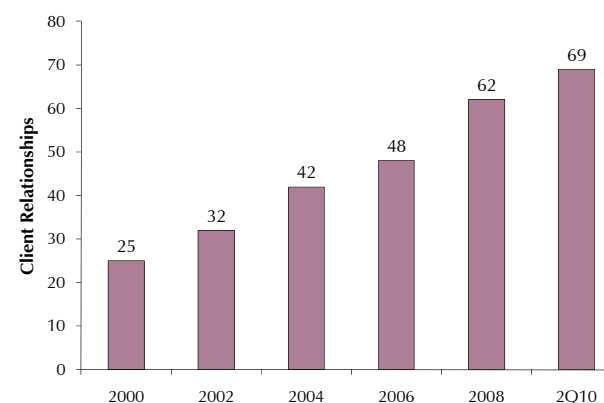
Corporate Update

- Staff of 92, including 54 investment professionals and 17 CFA charterholders
- 69 clients, with over 140 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston and San Diego
- Aggregate assets of over \$260 billion
 - Over \$18 billion in assets committed to alternative investments
 - Private Equity ▪ Infrastructure ▪ Natural Resources
 - Real Estate ▪ Hedge Funds ▪ Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 3.2 million American families everyday

Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> - Passive - Enhanced Index - Large Cap - Midcap - Small Cap - Microcap - 130/30 	<ul style="list-style-type: none"> - Large Cap Developed - Small Cap Developed - Emerging Markets - Frontier Markets 	<ul style="list-style-type: none"> - Buyouts - Venture Capital - Private Debt - Special Situations - Secondaries - Fund of Funds 	<ul style="list-style-type: none"> - Public REITs - Core Real Estate - Value Added Real Estate - Opportunistic Real Estate - Infrastructure - Timber - Natural Resources - Commodities 	<ul style="list-style-type: none"> - Short-Term - Core - Core Plus - TIPS - High Yield - Bank Loans - Distressed - Global - Emerging Markets 	<ul style="list-style-type: none"> - Long/Short Equity - Event Driven - Relative Value - Fixed Income Arbitrage - Multi Strategy - Market Neutral - Global Macro - Fund of Funds - Portable Alpha

Appendices

Glossary and Notes As of June 30, 2010

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which

results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991.

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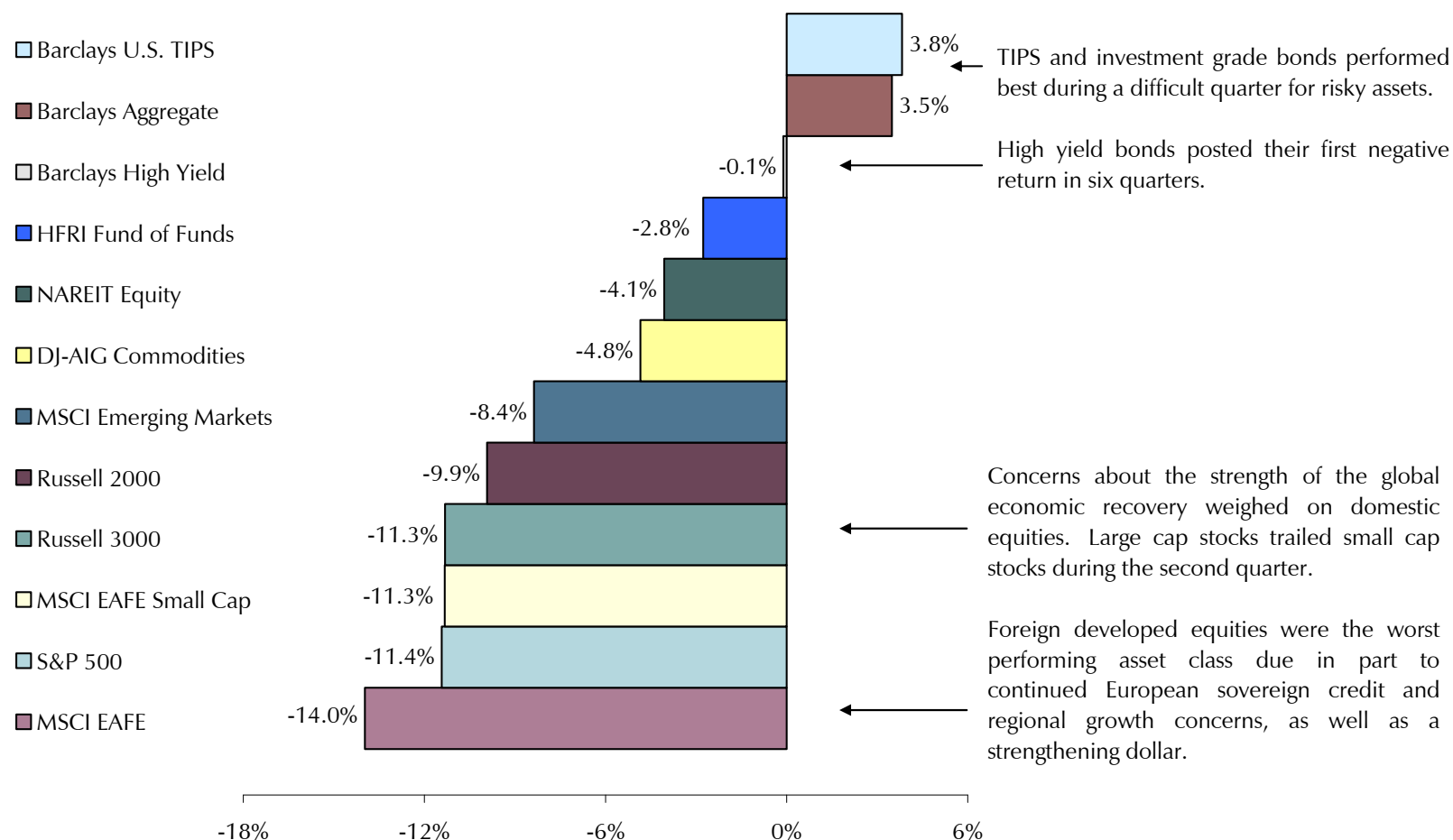
Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.

The World Markets Second Quarter of 2010

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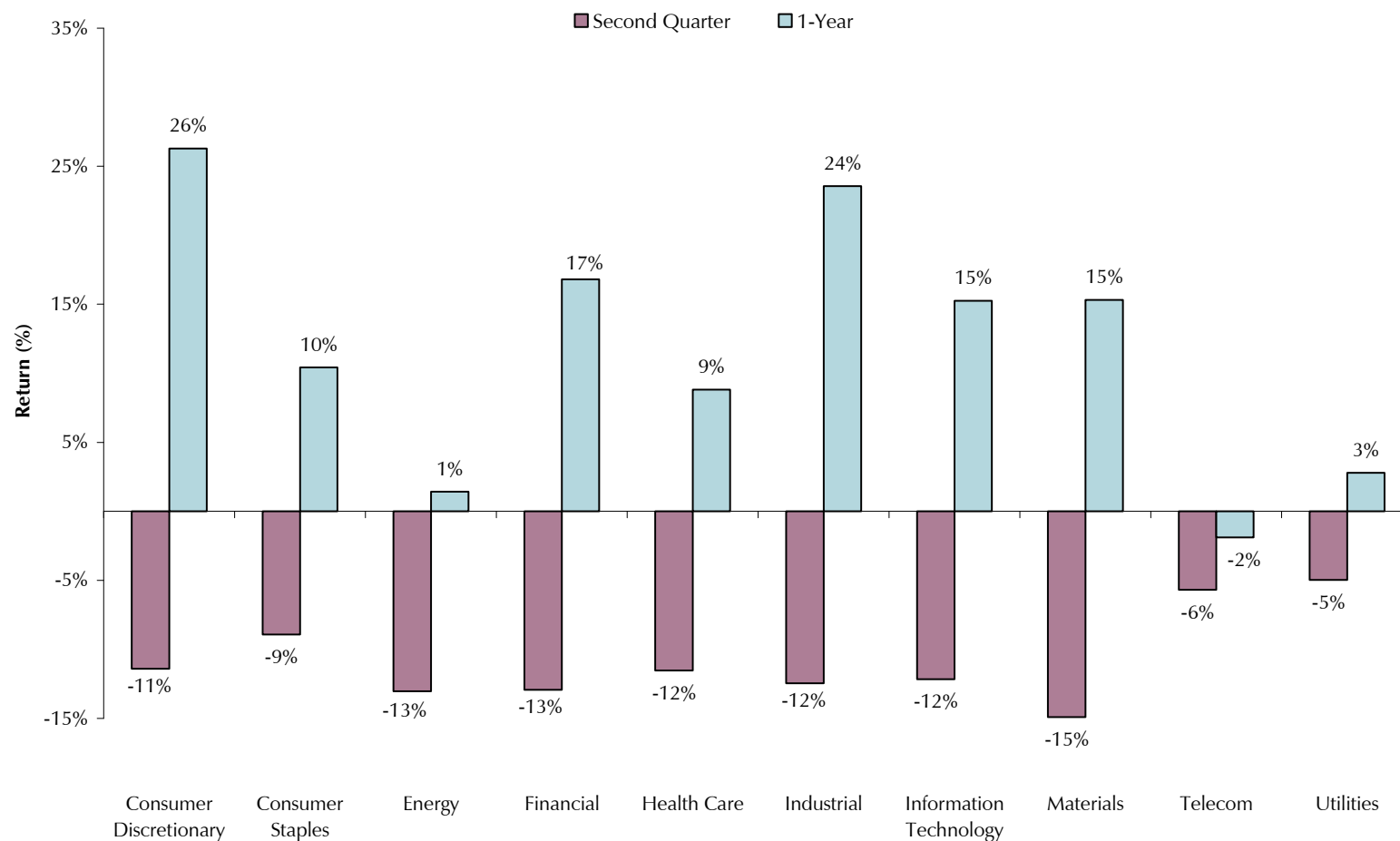


Index Returns

	2Q 10 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	-11.3	-6.0	15.7	-9.5	-0.5	-0.9
Russell 1000 Growth	-11.7	-7.6	13.6	-6.9	0.4	-5.1
Russell 1000	-11.4	-6.4	15.2	-9.5	-0.6	-1.2
Russell 1000 Value	-11.1	-5.1	16.9	-12.3	-1.6	2.4
Russell MidCap Growth	-10.2	-3.3	21.3	-7.5	1.4	-2.0
Russell MidCap	-9.9	-2.1	25.1	-8.2	1.2	4.2
Russell MidCap Value	-9.6	-0.9	28.9	-9.4	0.7	7.6
Russell 2000 Growth	-9.2	-2.3	18.0	-7.5	1.1	-1.7
Russell 2000	-9.9	-2.0	21.5	-8.6	0.4	3.0
Russell 2000 Value	-10.6	-1.6	25.1	-9.8	-0.5	7.5
Foreign Equity						
MSCI ACWI (ex. U.S.)	-12.4	-11.1	10.4	-10.7	3.4	1.9
MSCI EAFE	-14.0	-13.2	5.9	-13.4	0.9	0.2
MSCI EAFE Small Cap	-11.3	-7.1	12.3	-13.1	1.1	5.0
MSCI Emerging Markets	-8.4	-6.2	23.2	-2.5	12.7	10.0
Fixed Income						
Barclays Universal	3.1	5.2	10.6	7.2	5.6	6.6
Barclays Aggregate	3.5	5.3	9.5	7.5	5.5	6.5
Barclays U.S. TIPS	3.8	4.4	9.5	7.6	5.0	7.5
Barclays High Yield	-0.1	4.5	26.8	6.5	7.2	7.3
Other						
NAREIT Equity	-4.1	5.6	53.9	-9.0	0.2	9.9
DJ-UBS Commodities	-4.8	-9.7	2.6	-9.5	-3.5	3.3
HFRI Fund of Funds	-2.8	-1.4	4.5	-4.0	2.3	3.4

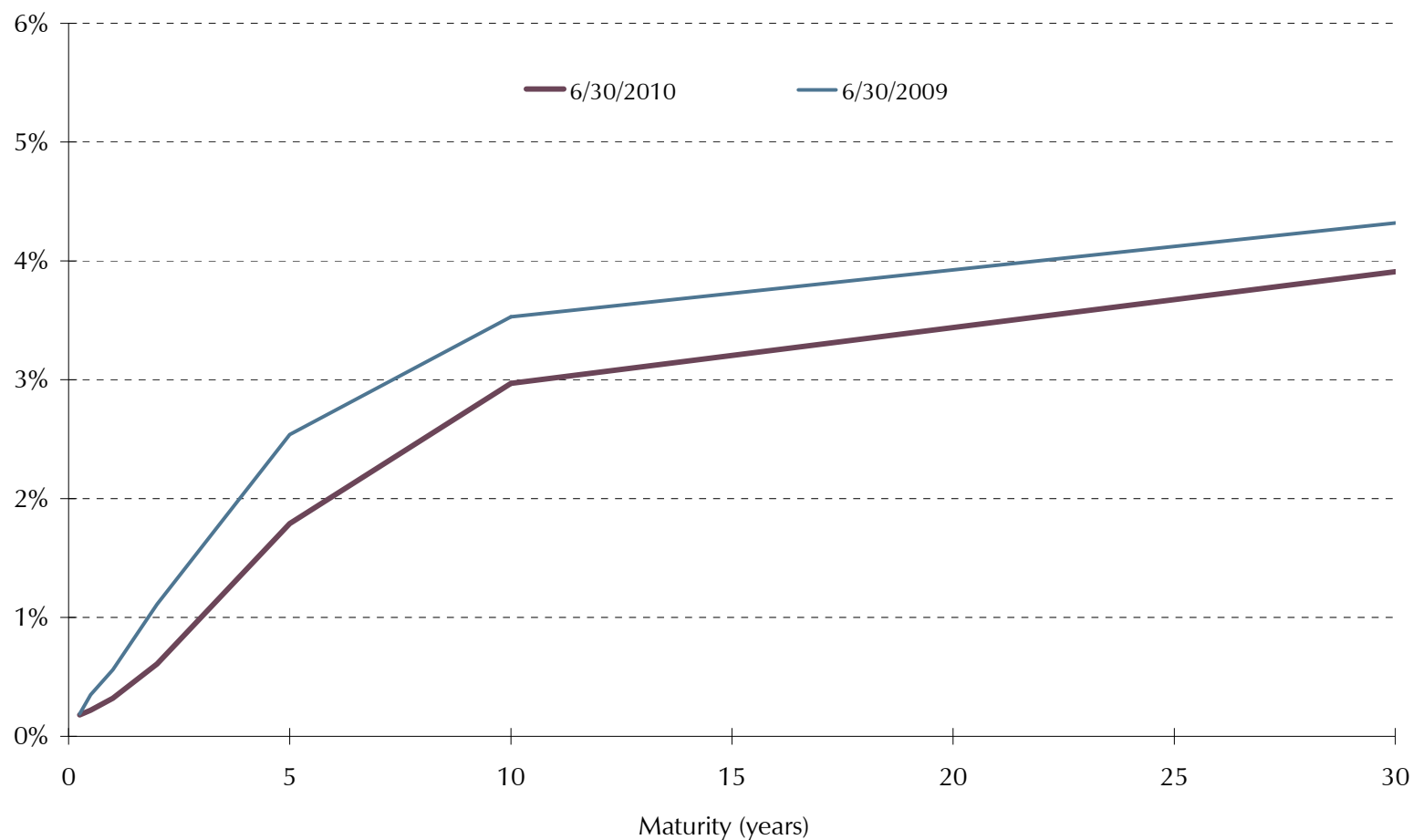
S&P Sector Returns

All sectors in the S&P 1500 Index experienced negative returns during the quarter, with seven of ten sectors down more than 10%. Still, over the trailing one-year period, all sectors experienced positive returns, with the exception of the telecom sector.



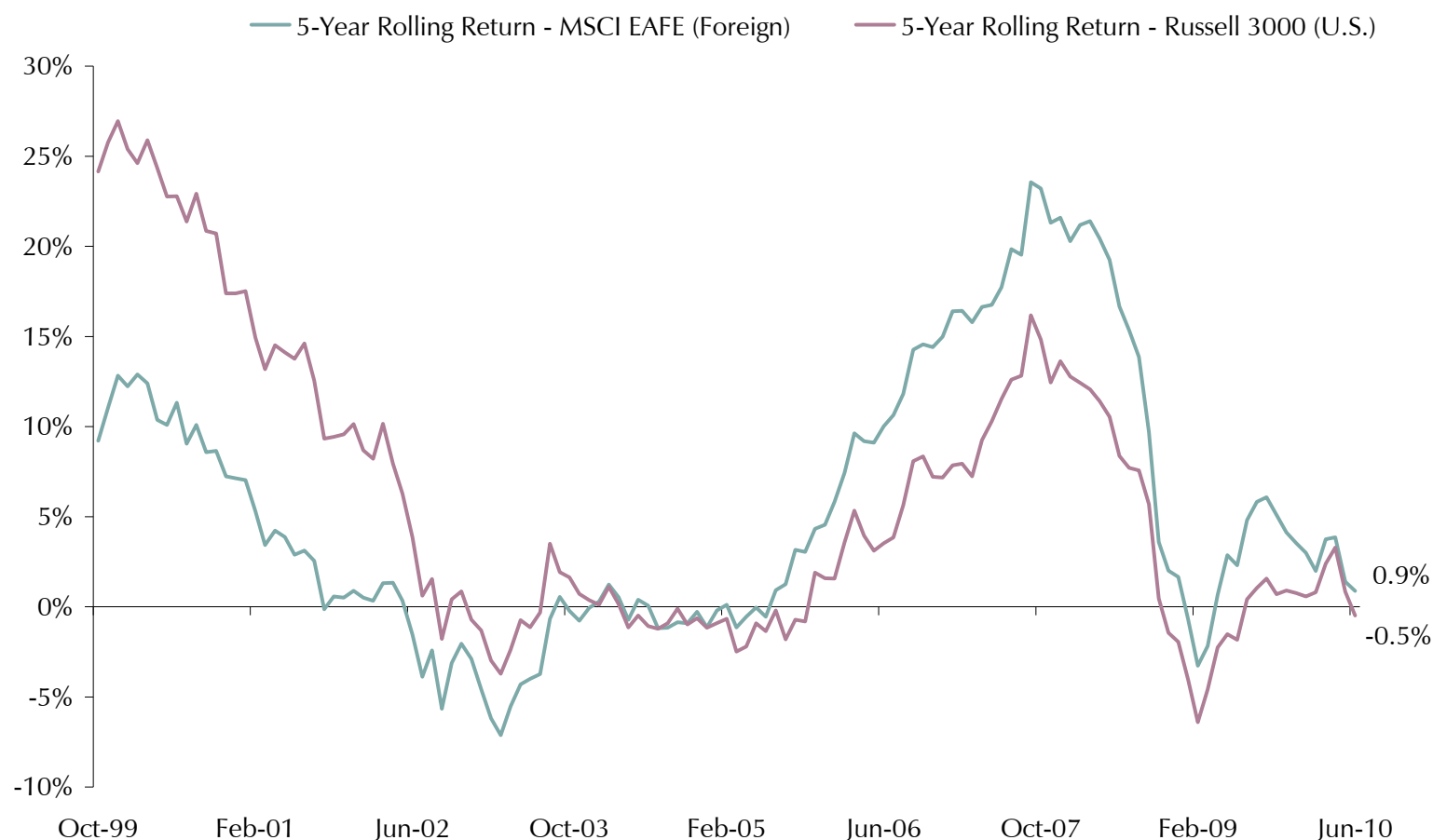
Treasury Yields

As the European debt crisis and concerns over the strength of the global recovery continued to weigh on growth expectations, investors sought the safety of U.S. Treasuries. As a result, the yield on the ten-year Treasury fell to slightly below 3.0% at quarter-end.



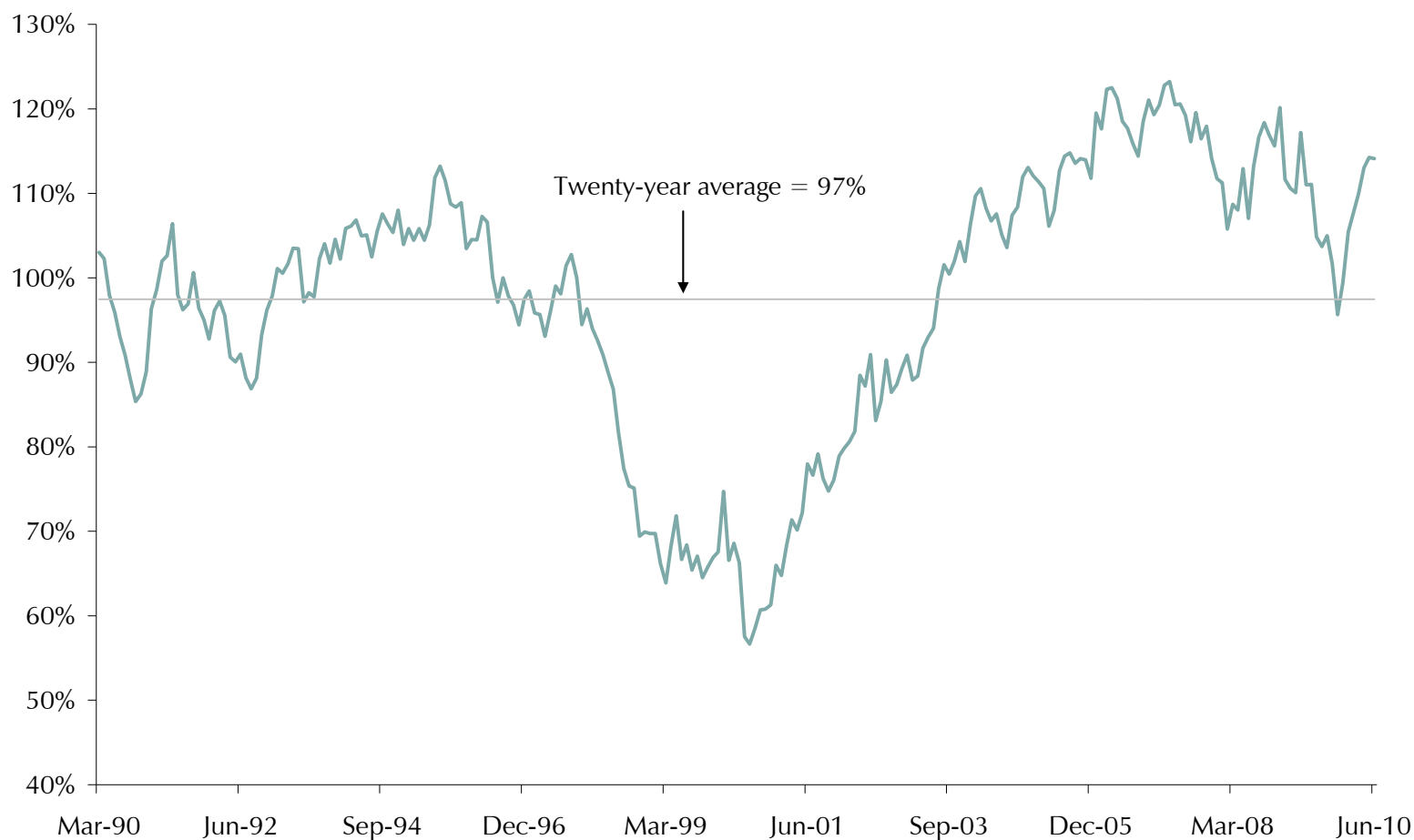
Equity Markets

With the sharp pullback in stocks during the second quarter, the trailing five-year return of the broad domestic equity market turned slightly negative. Despite underperforming the domestic equity market by 980 basis points over the last twelve months, the developed international equity market has outperformed by 1.4% over the past five years.

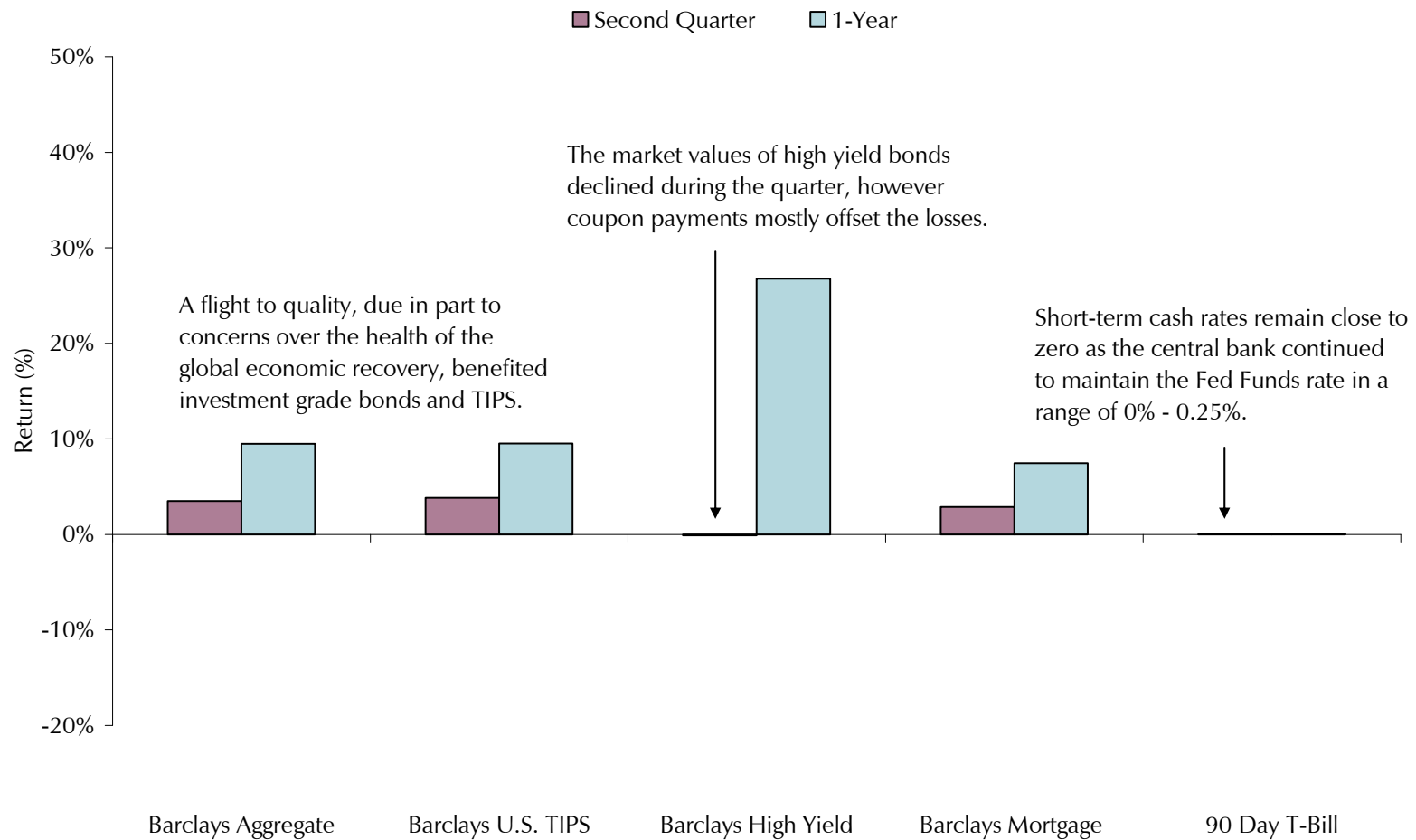


Russell 2000 P/E (Small Cap) vs. Russell 1000 P/E (Large Cap)

The ratio of small cap (Russell 2000) P/E's to large cap (Russell 1000) P/E's declined in 2009, reaching their long-term average by year-end. During the first half of 2010, the ratio increased to a level approximately 18% above its long-term average.

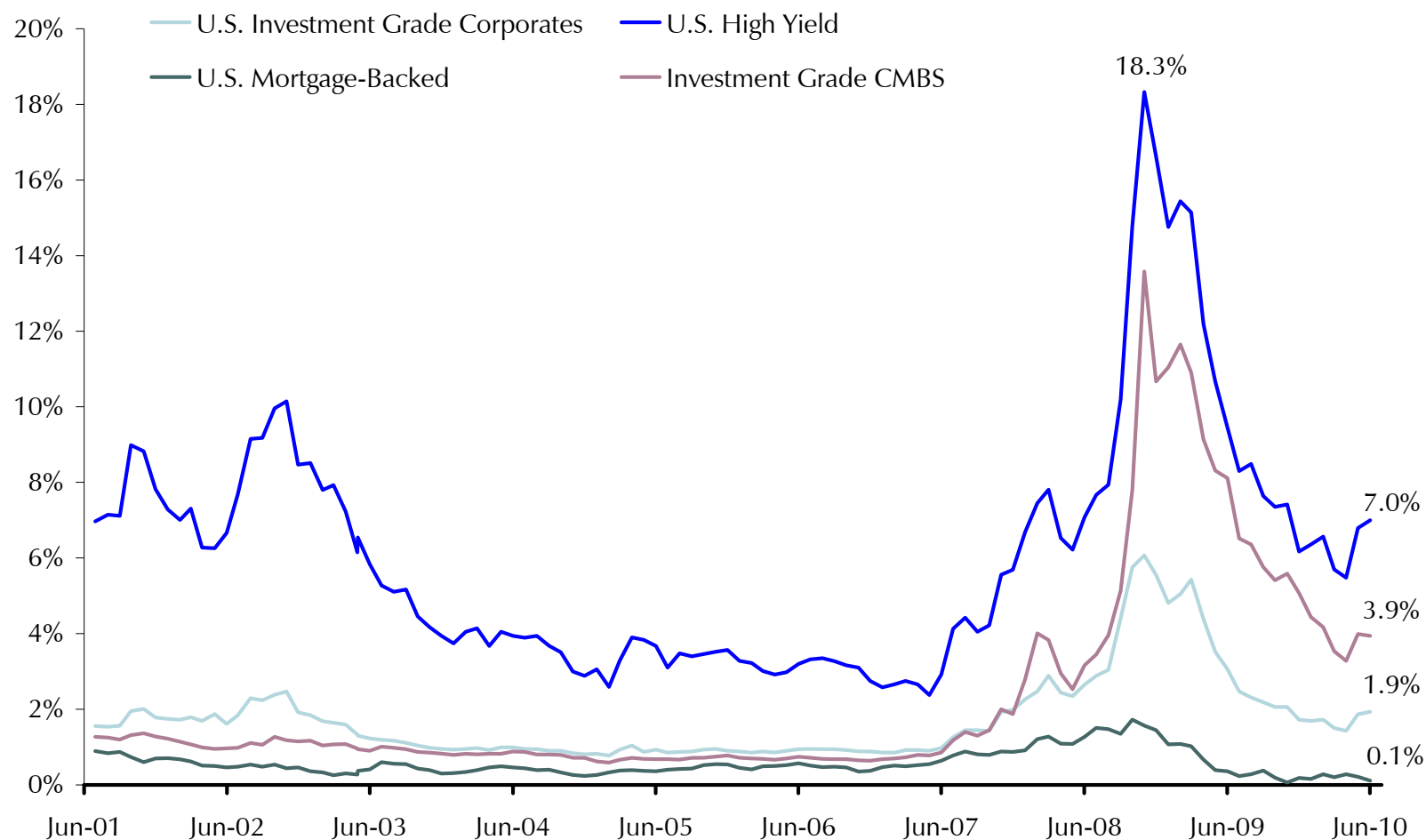


U.S. Fixed Income Markets

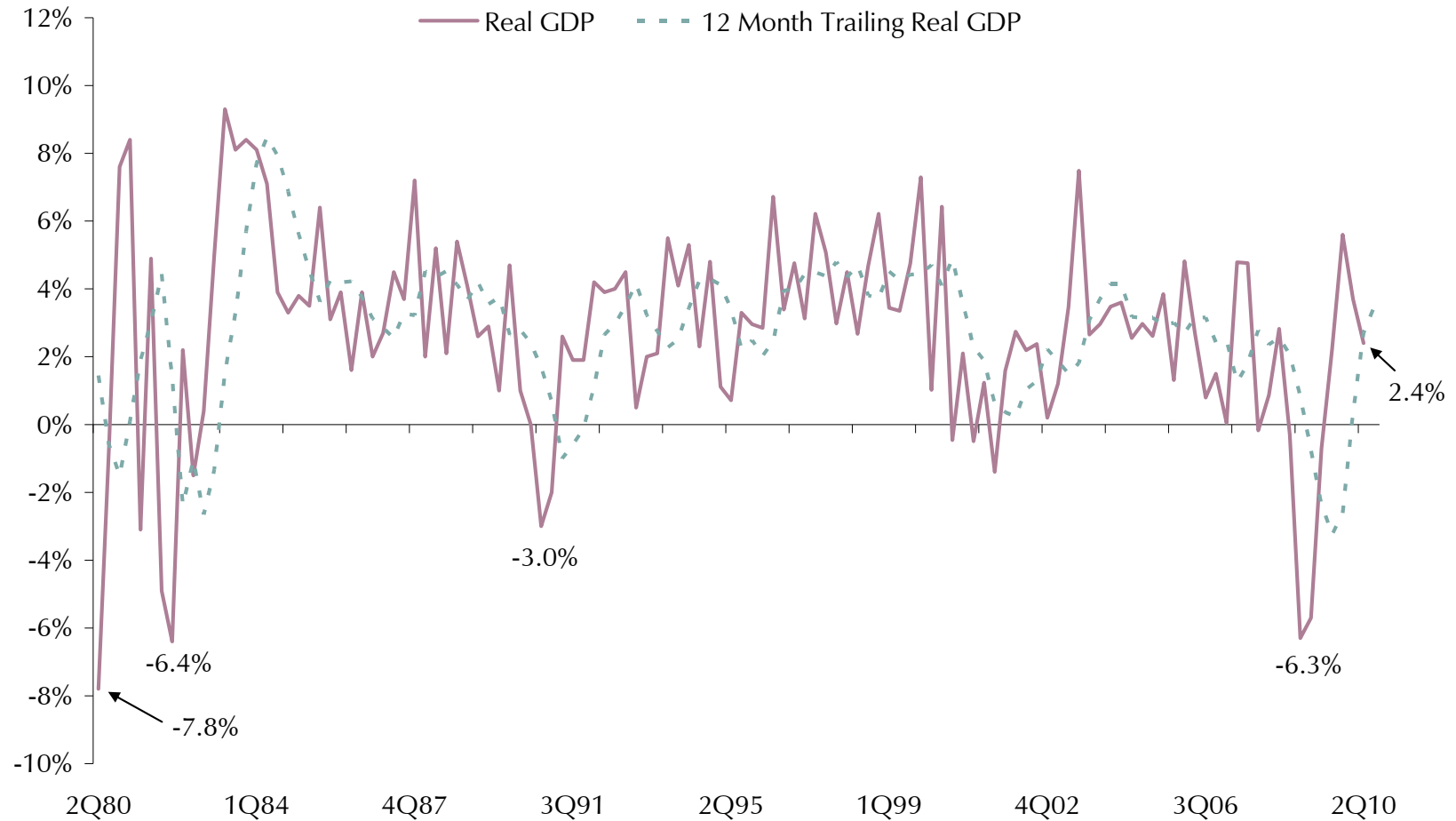


Credit Spreads vs. U.S. Treasury Bonds

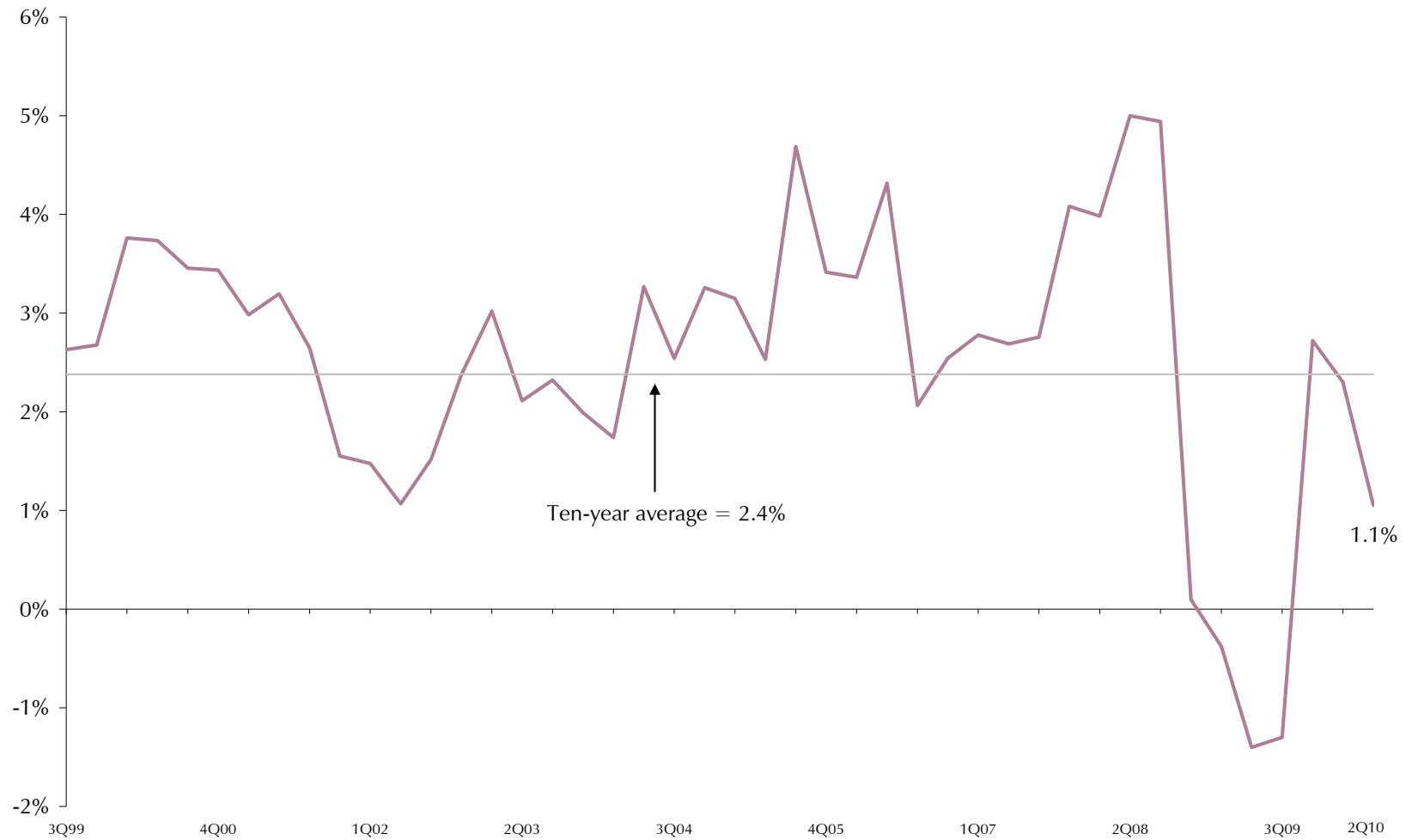
Credit spreads over Treasuries expanded during the second quarter, as a flight to quality returned. High yield bond spreads increased by 1.3% to 7.0%, 80 basis points above the trailing ten-year average of 6.2%.



Real Gross Domestic Product (GDP) Growth



**U.S. Inflation (CPI)
Trailing Twelve Months**



¹ The ten-year average annualized inflation rate was 2.4%.

U.S. Unemployment

The unemployment rate declined to 9.5% in the second quarter. Although the unemployment rate has dropped 0.5% since its peak of 10% at the end of 2009, it still remains well above its historical average.

